

MeritaNordbanken

January - June 1999

January-June 1999

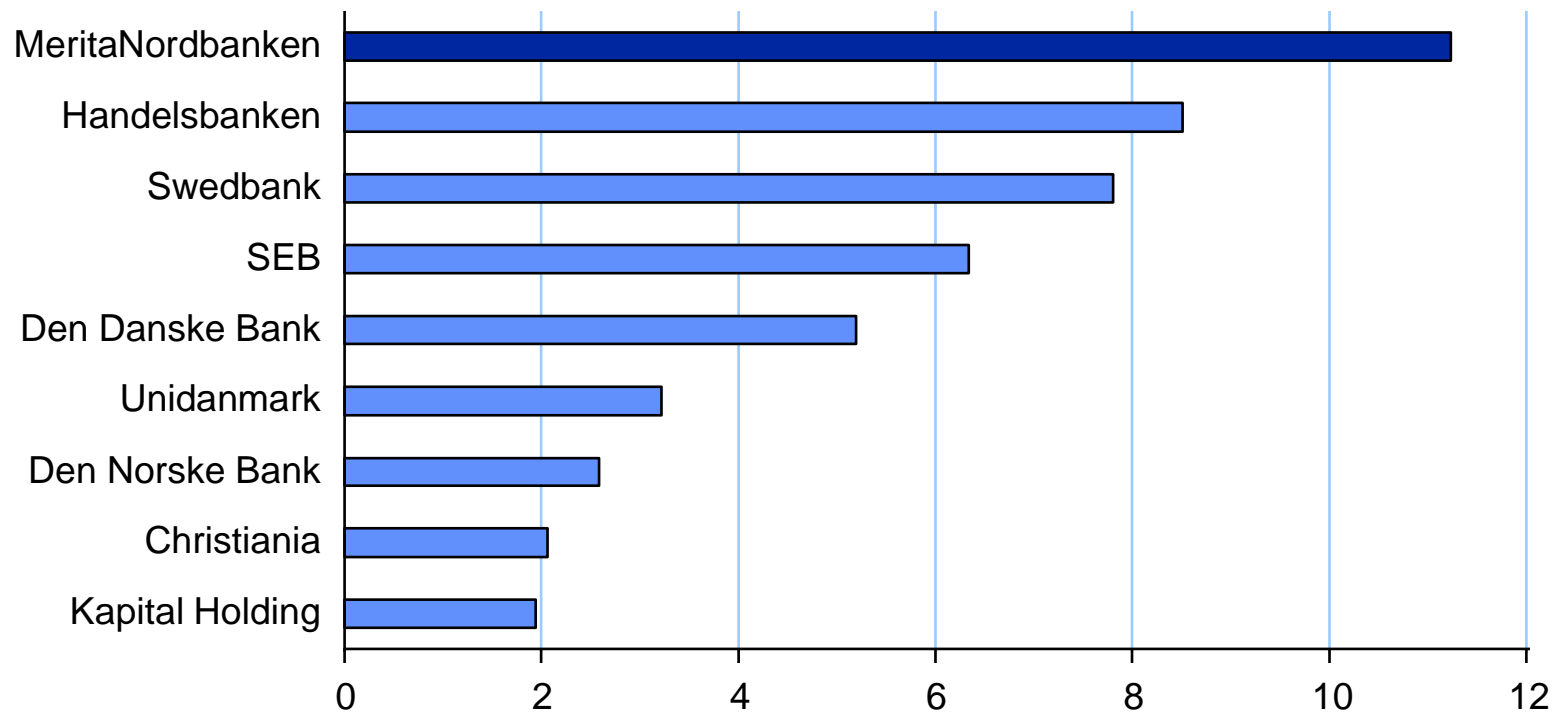
- Stable performance sustained
 - Operating profit EUR 769 million (FIM 4.6 billion, SEK 6.9 billion), adjusted for items affecting comparability EUR 655 million
 - ROE 22.3 %; excluding items affecting comparability 19.3 %
 - Continued downward trend in expenses
 - Net loan losses historically low
- World leader in network banking services
 - 770 000 Internet banking customers in Finland and Sweden
- Changes in Group Executive Board
- Aleksia to be listed

A leading banking group in the Nordic and Baltic region

- Customer base
 - 6.5 million private individuals
 - 400 000 small and midmarket companies
 - 400 corporates
- Average market shares
 - Finland 35 % - 55 %
 - Sweden 15 % - 25 %
- Distribution network
 - 735 branch offices
 - 1000 Swedish post offices
 - Telephone bank
 - Internet
- Lending
 - EUR 66 bn
- Deposits and customer funds
 - EUR 66 bn
- Total assets
 - EUR 99 bn
- Employees
 - 18,100 (within banking operations)

The largest banking group in the Nordic region

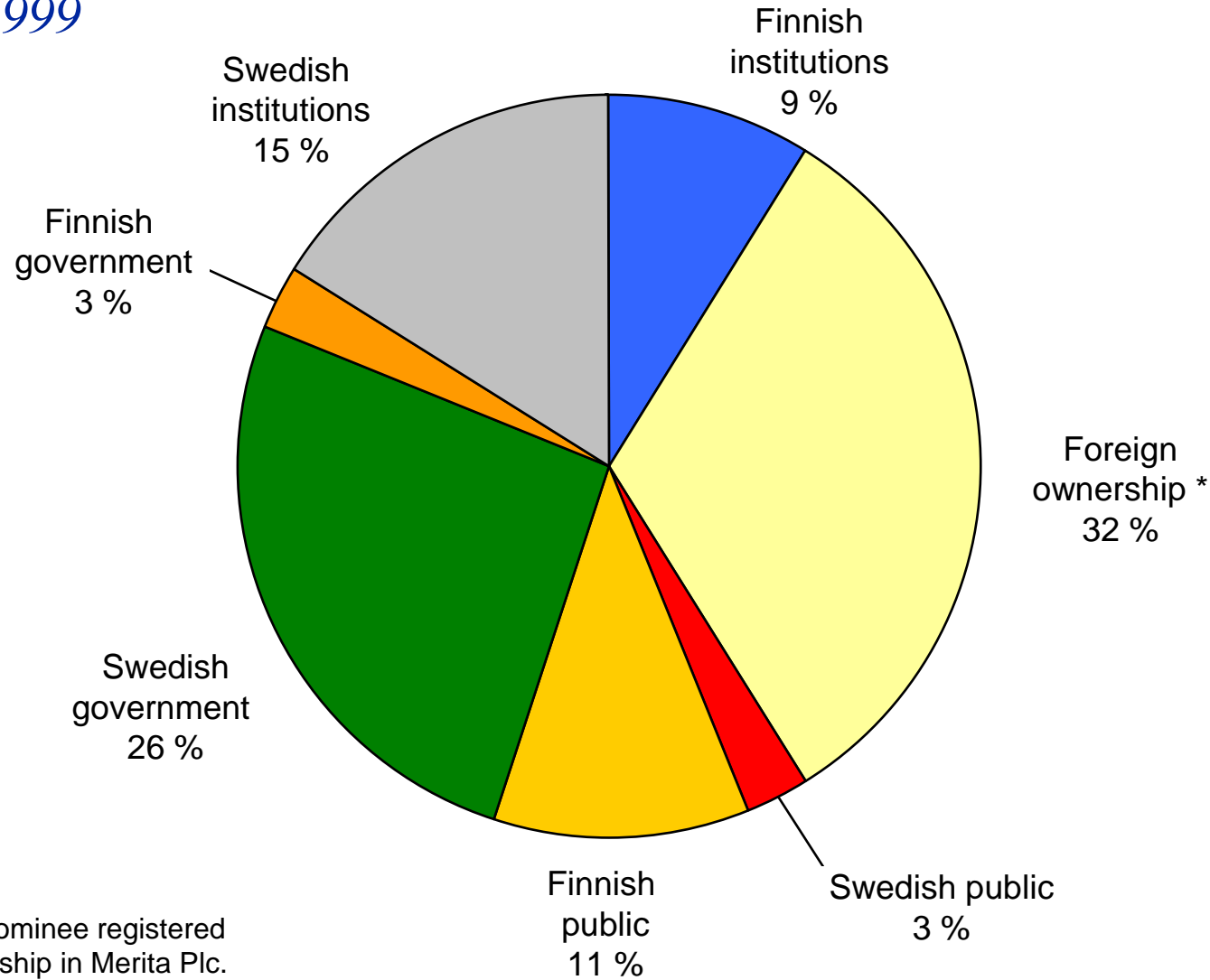
*Market capitalisation of selected Nordic banking groups,
August 1999 (bnEUR)*



MeritaNordbanken Group

Combined ownership structure,

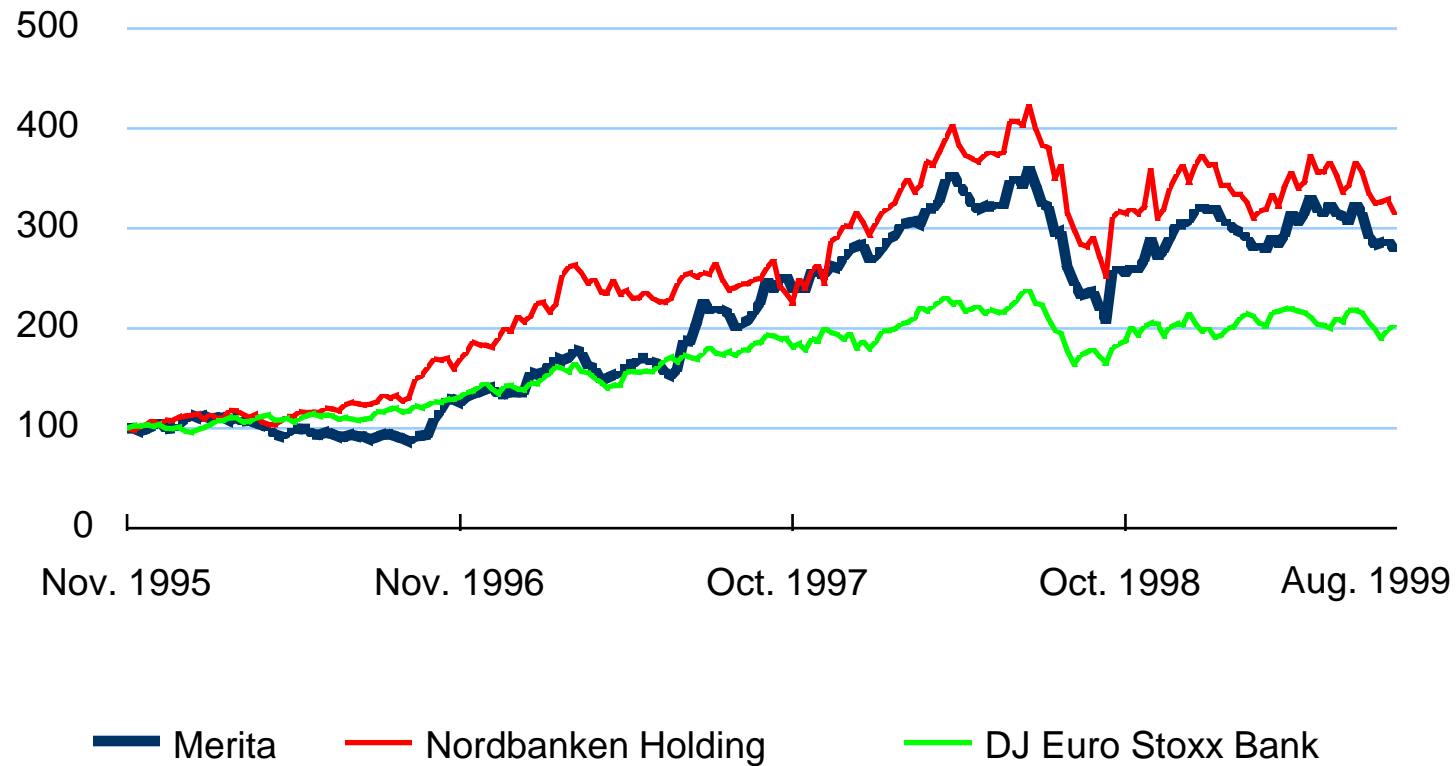
June 30, 1999



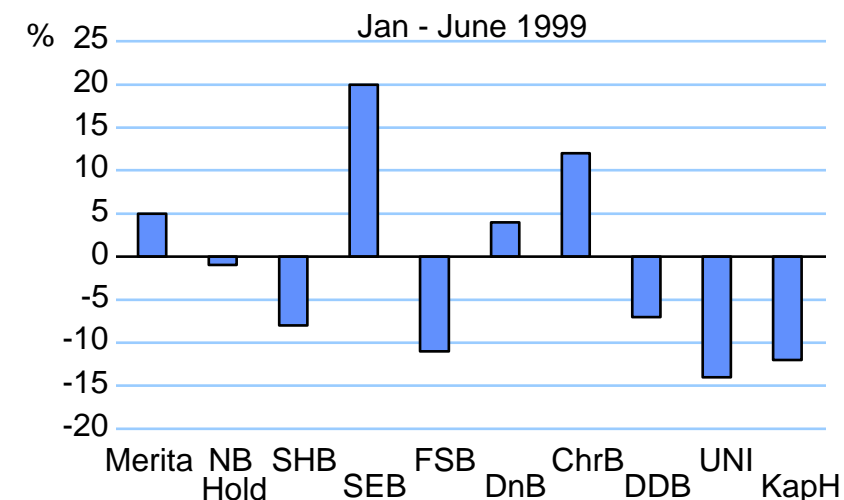
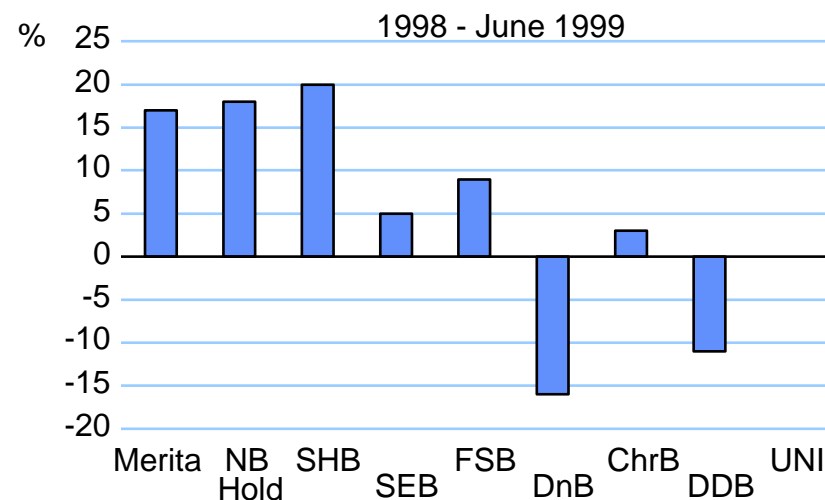
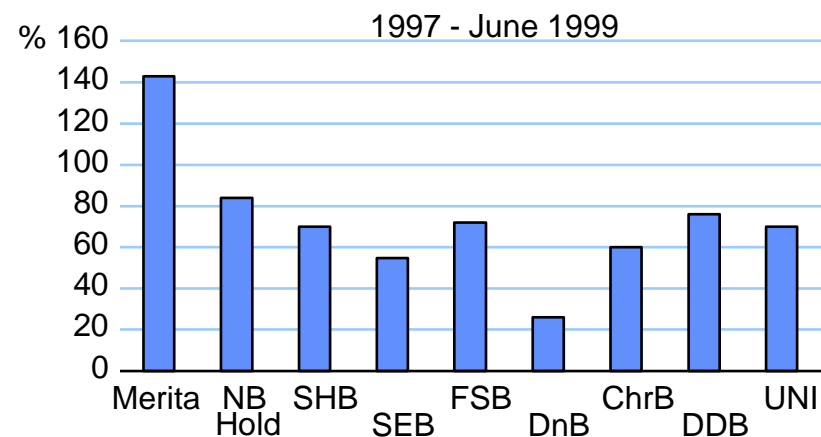
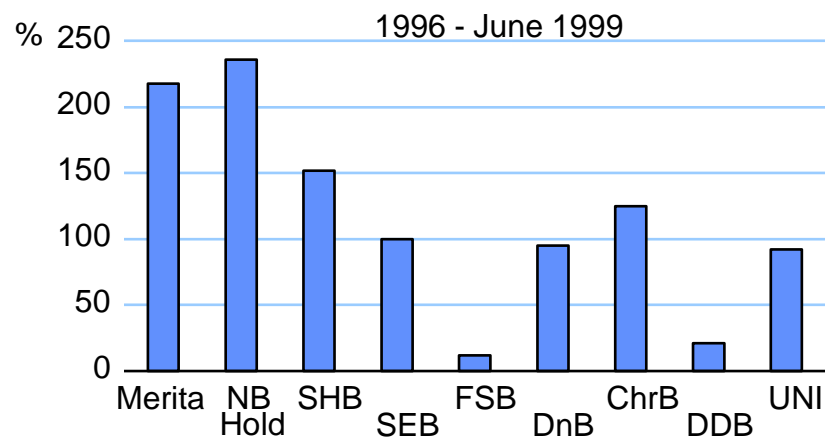
* Incl. possible nominee registered Swedish ownership in Merita Plc.

MeritaNordbanken Group

Share price development



Total yield of Nordic banking shares



(Including dividends paid in cash or in the form of shares of real estate companies. Not reinvested.)

MeritaNordbanken Group

Income statement

	H1/1999			
	mEUR	Change, %	mFIM	mSEK
Net interest income	902	- 2	5,361	8,078
Net commission income	375	4	2,227	3,356
Net result from financial operations	95	-67	562	847
Other operating income	183	-21	1,095	1,649
Total operating income	1,555	-13	9,245	13,930
Personnel expenses	- 392	-6	-2,332	-3,513
Other expenses	- 436	-13	-2,589	-3,901
Total expenses	- 828	-10	-4,921	-7,414
Profit before loan losses	727	-17	4,324	6,516
Loan losses, net	- 20	-71	-116	-175
Profit from companies accounted for under the equity method	62	265	367	552
Operating profit	769	-7	4,575	6,893
Taxes	- 198	10	-1,178	-1,775
Minority interest	-1	- 50	-8	-12
Net profit for the period	570	- 11	3,389	5,106

Income statement

Excluding items affecting comparability

mEUR				H1/1999	
	H1/1999	H1/1998	Change, %	mFIM	mSEK
Net interest income	902	928	-3	5,361	8,078
Net commission income	375	359	4	2,227	3,356
Net result from financial operations	-19	110		-113	-170
Other operating income	183	156	17	1,095	1,649
Total operating income	1,441	1,553	-7	8,570	12,913
Personnel expenses	-392	-401	-2	-2,332	-3,513
Other expenses	-436	-448	-3	-2,589	-3,901
Total expenses	-828	-849	-2	-4,921	-7,414
Profit before loan losses	613	704	-13	3,649	5,499
Loan losses, net	-20	-68	-71	-116	-175
Profit from companies accounted for under the equity method	62	17	365	367	552
Operating profit	655	653	0	3,900	5,876

Items affecting comparability

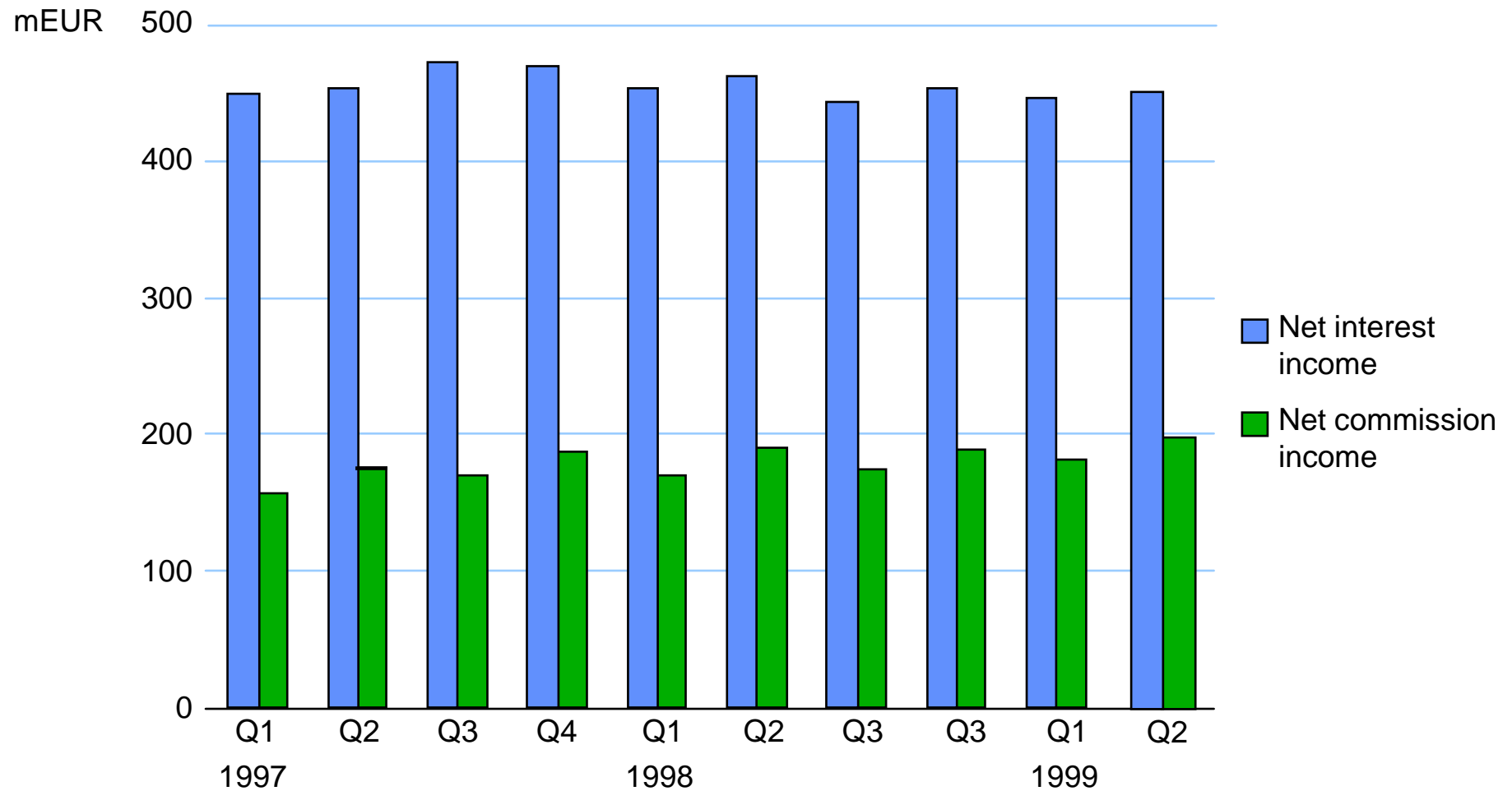
mEUR	Q 2	1999 Q 1	Q 4	Q 3	Q 2	1998 Q 1
Net interest income	-	-	-4	-4	-9	-
Net result from financial operations	-	114	137	-7	-17	194
Other operating income	-	-	-	-	6	69
Personnel expenses	-	-	-40	-8	-7	-8
Other expenses	-	-	1	-11	-24	-32
Profit from companies accounted for under the equity method	-	-	-25	-	-	-
Operating profit	-	114	69	-30	-51	223
Real estate write-downs	-	-	-617	-	-	-
Refund from the Pension Fund/Foundation	-	-	152	-	-	-
Taxes	-	-32	86	7	11	-49
Net profit for the period	-	82	-310	-23	-40	174

Income statement, quarterly

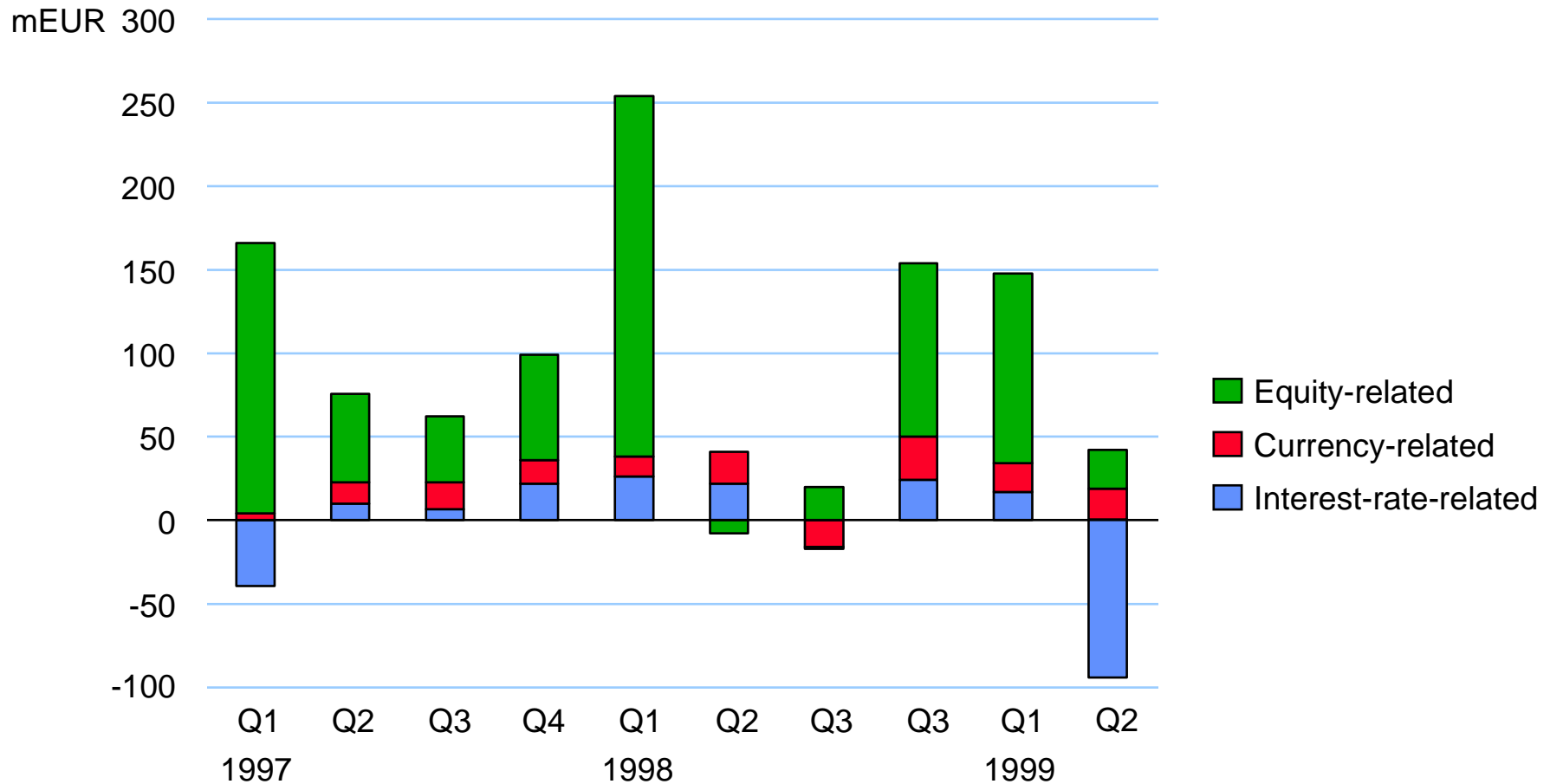
Excluding items affecting comparability

mEUR	Q 2	1999 Q 1	Q 4	Q 3	Q 2	1998 Q 1
Net interest income	454	448	459	448	473	455
Net commission income	194	181	189	174	190	169
Net result from financial operations	-53	34	18	10	50	60
Other operating income	91	92	78	57	93	63
Total operating income	686	755	744	689	806	747
Personnel expenses	-196	-196	-212	-205	-207	-194
Other expenses	-229	-207	-249	-209	-232	-216
Total expenses	-425	-403	-461	-414	-439	-410
Profit before loan losses	261	352	283	275	367	337
Loan losses, net	0	-20	-38	-33	-29	-39
Profit from companies accounted for under the equity method	19	43	10	9	11	6
Operating profit	280	375	255	251	349	304
Taxes	-73	-93	-56	-55	-76	-66
Minority interest	-1	0	0	-1	-1	-1
Net profit for the period	206	282	199	195	272	237

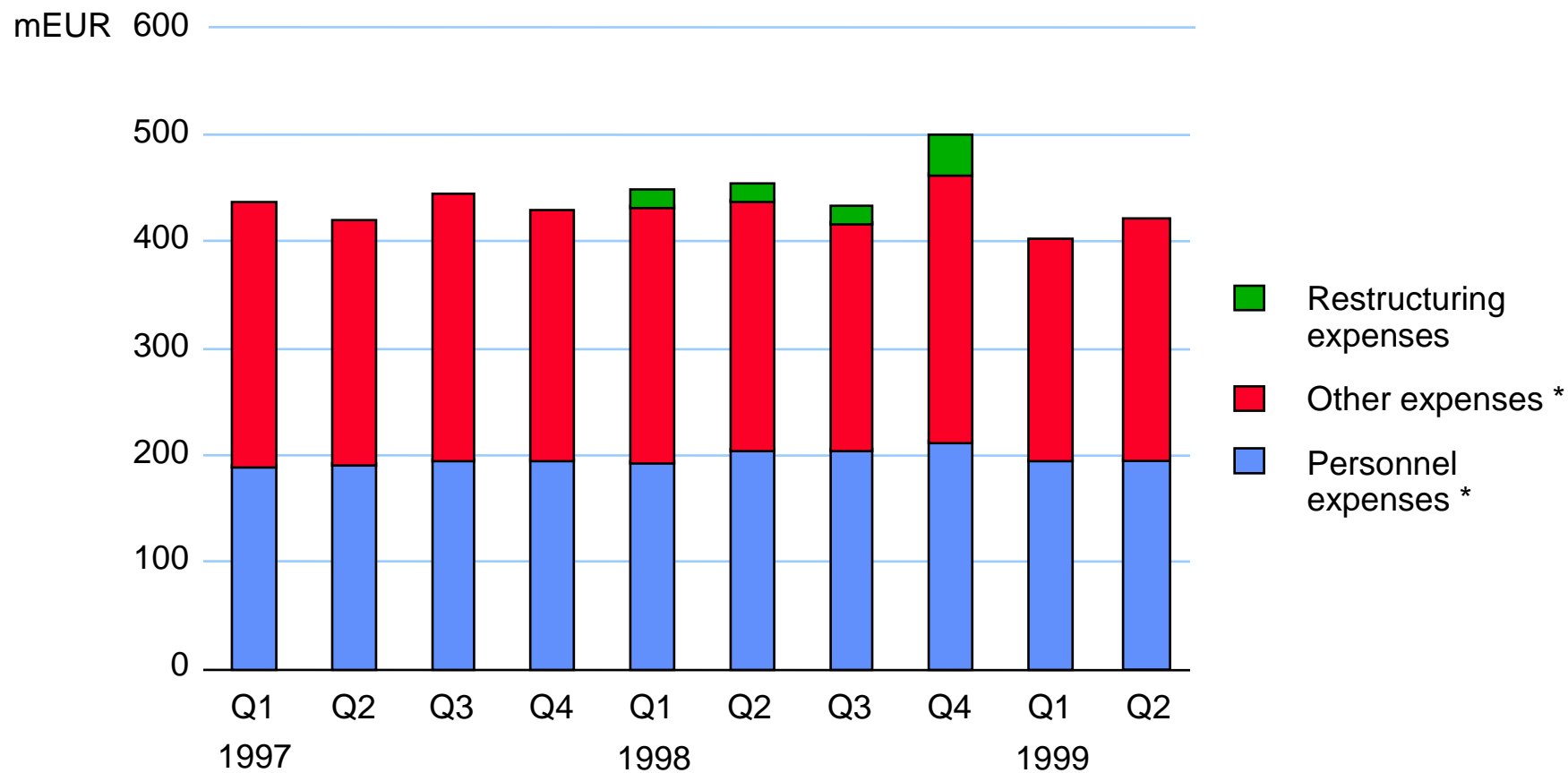
Net interest and commission income



Net result from financial operations

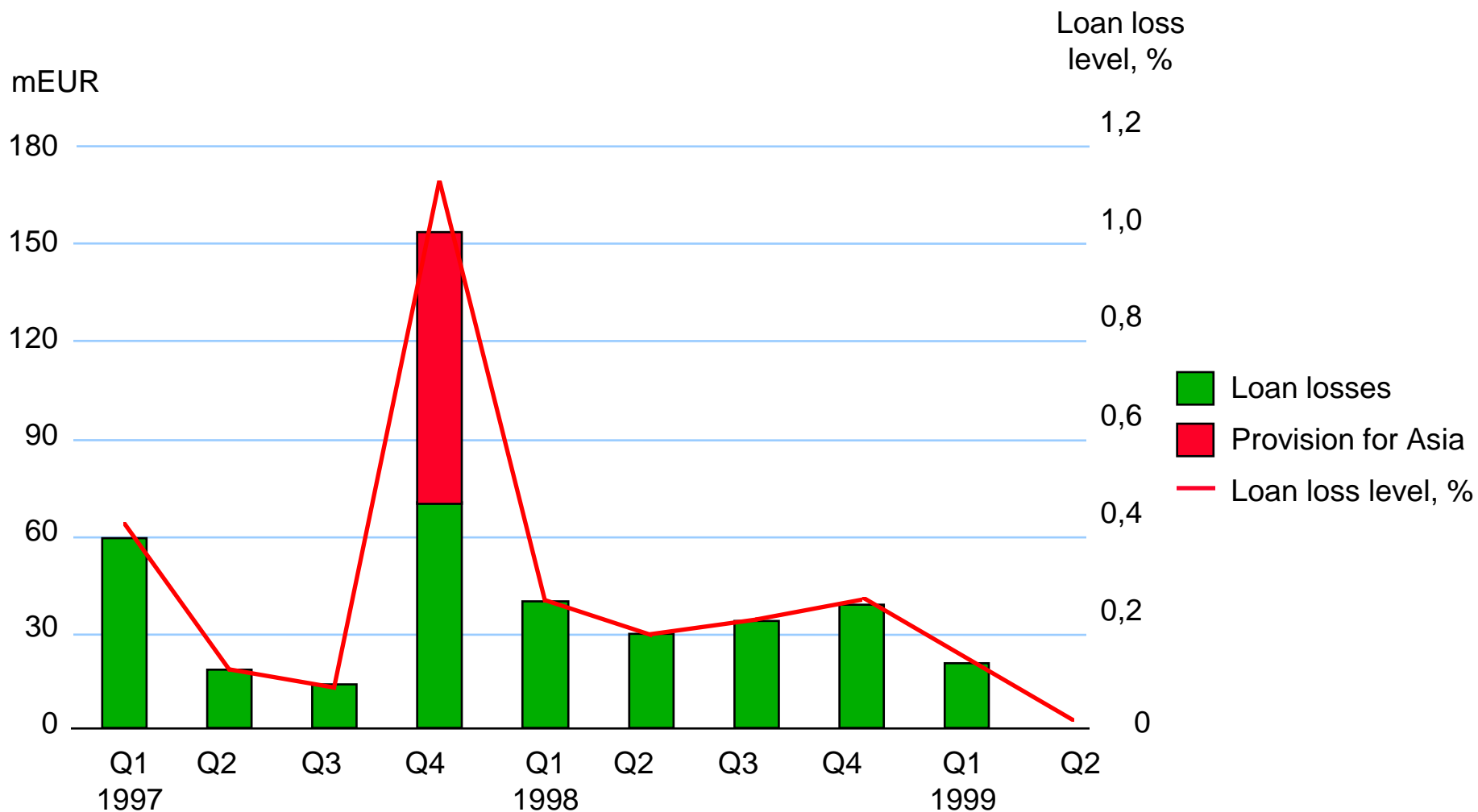


Expenses

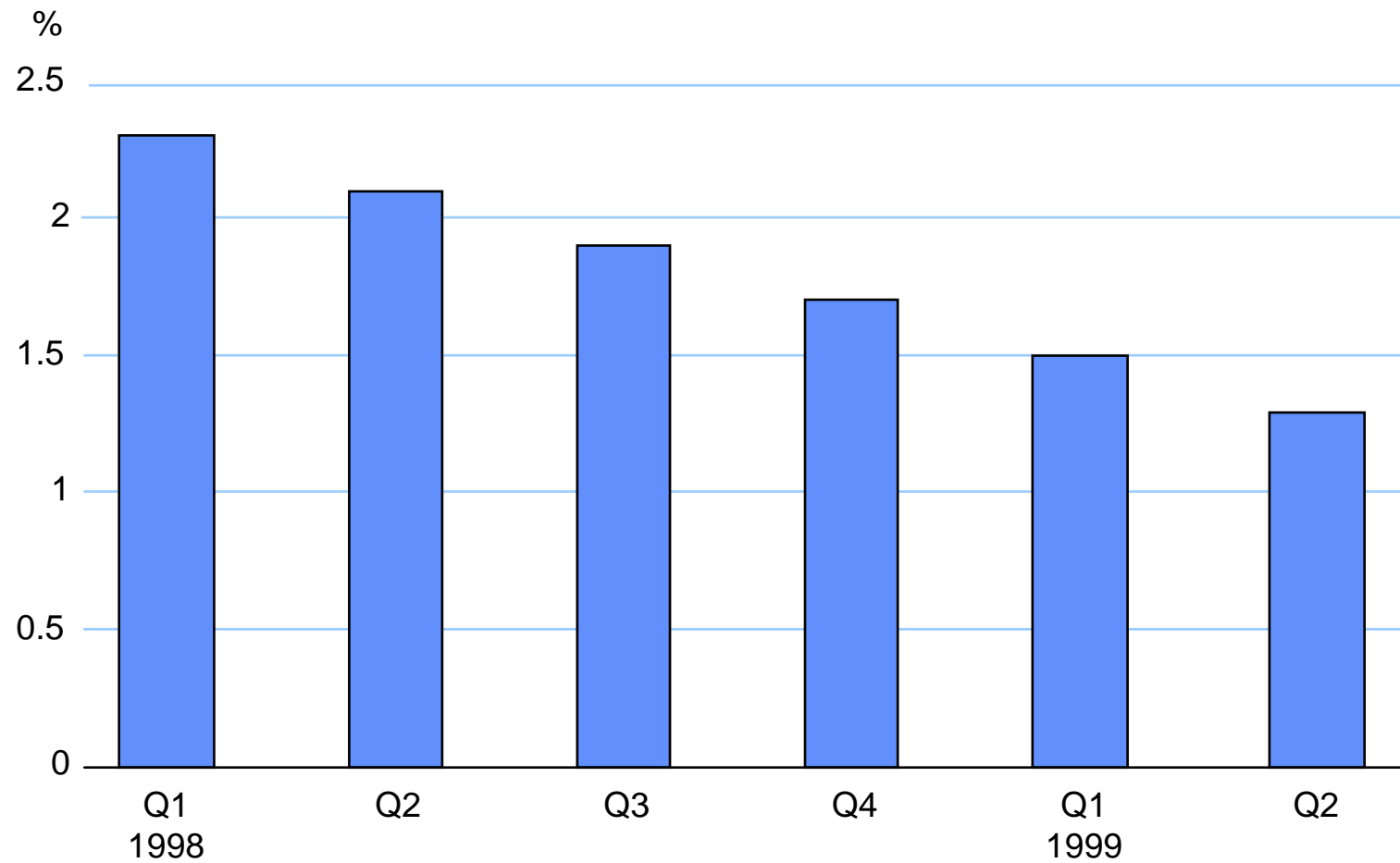


* Excluding restructuring expenses.

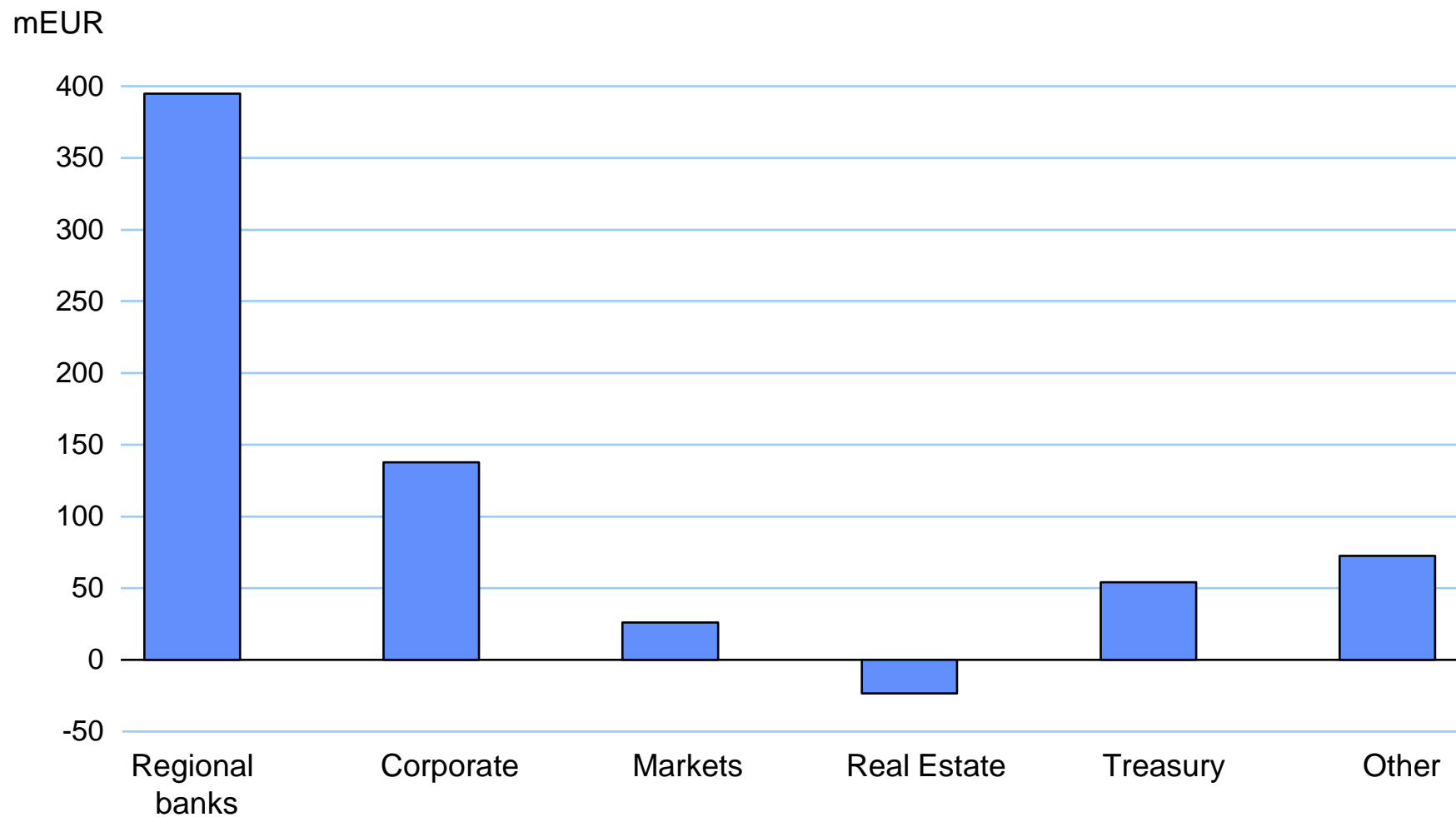
Loan losses, net



Non-performing loans, net/lending



Operating profit by business area, January-June 1999



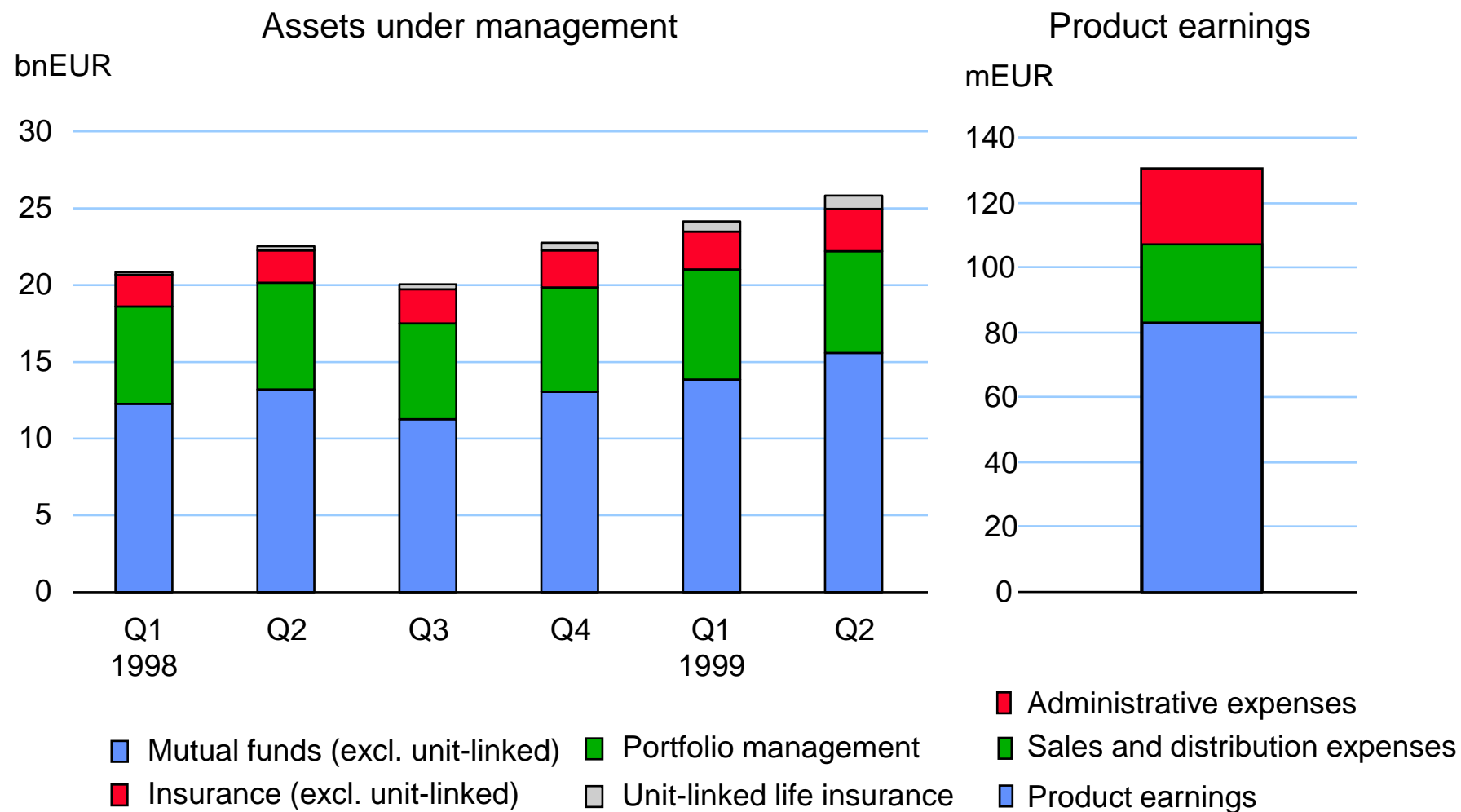
MeritaNordbanken Group

Operating profit by business area, quarterly

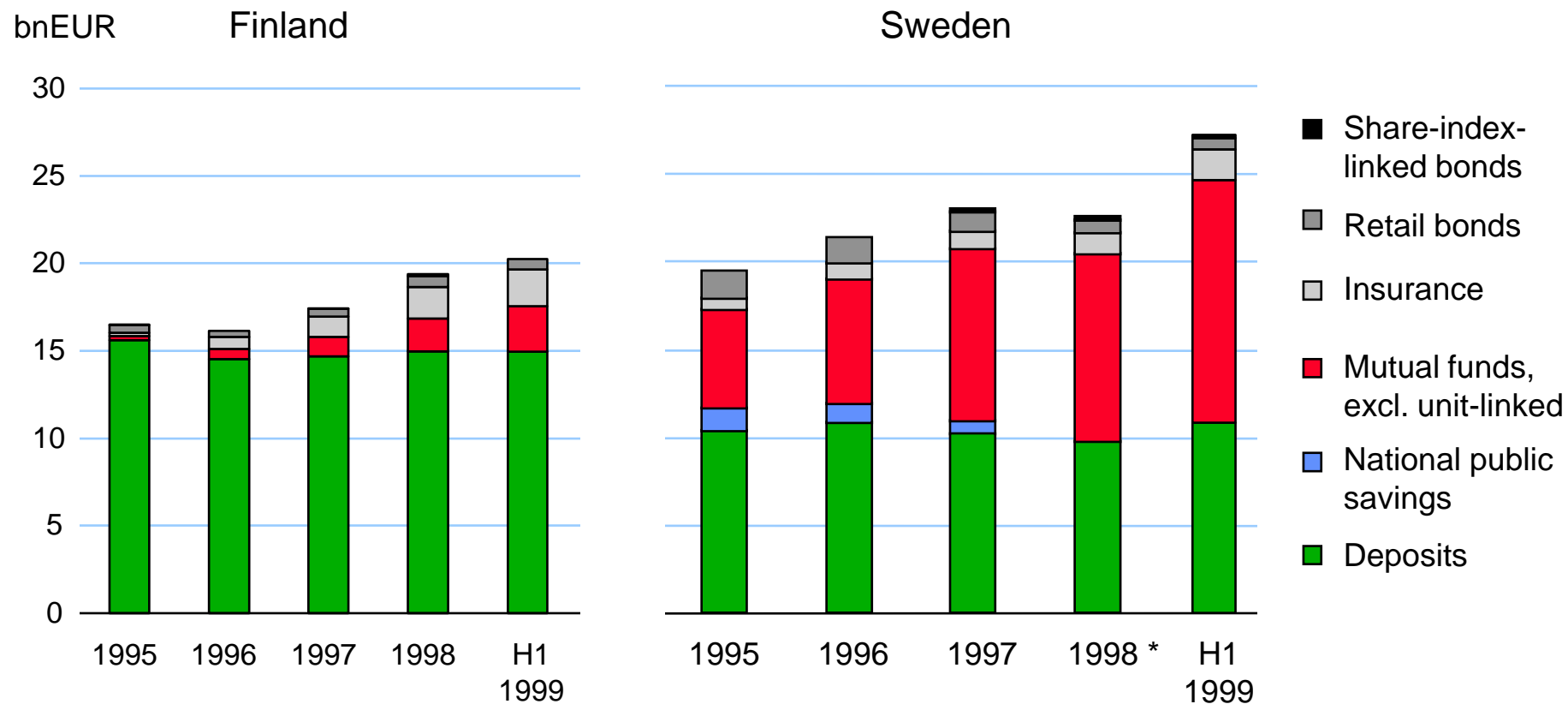


* Q1/1999 incl. EUR 114 million sales profit.

Asset management

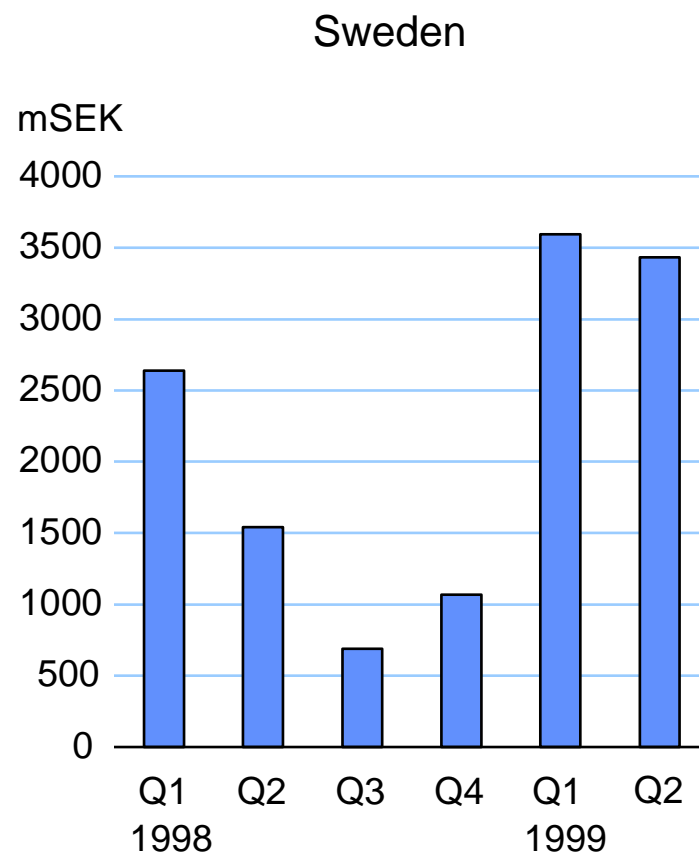
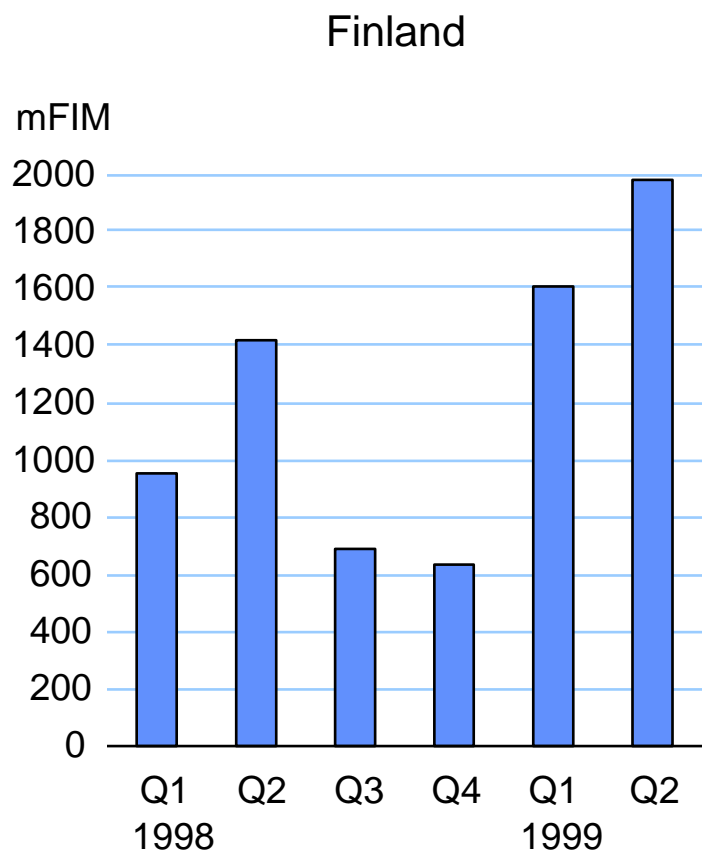


Household savings



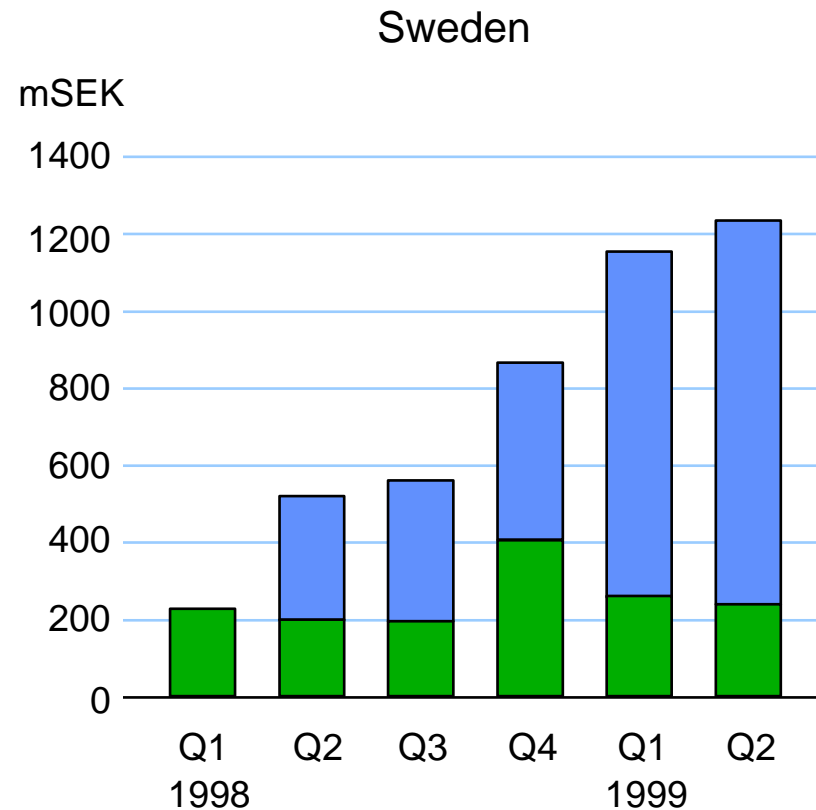
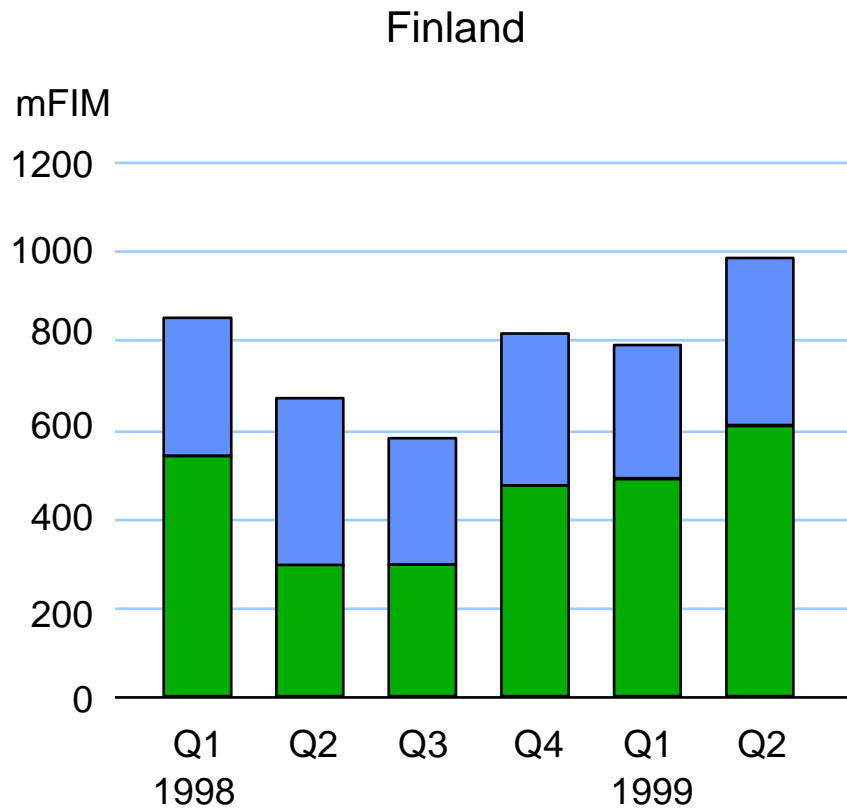
* Excluding the exchange rate effect (EUR/SEK), the volume increased by 8% in 1998.

Net savings in mutual funds*



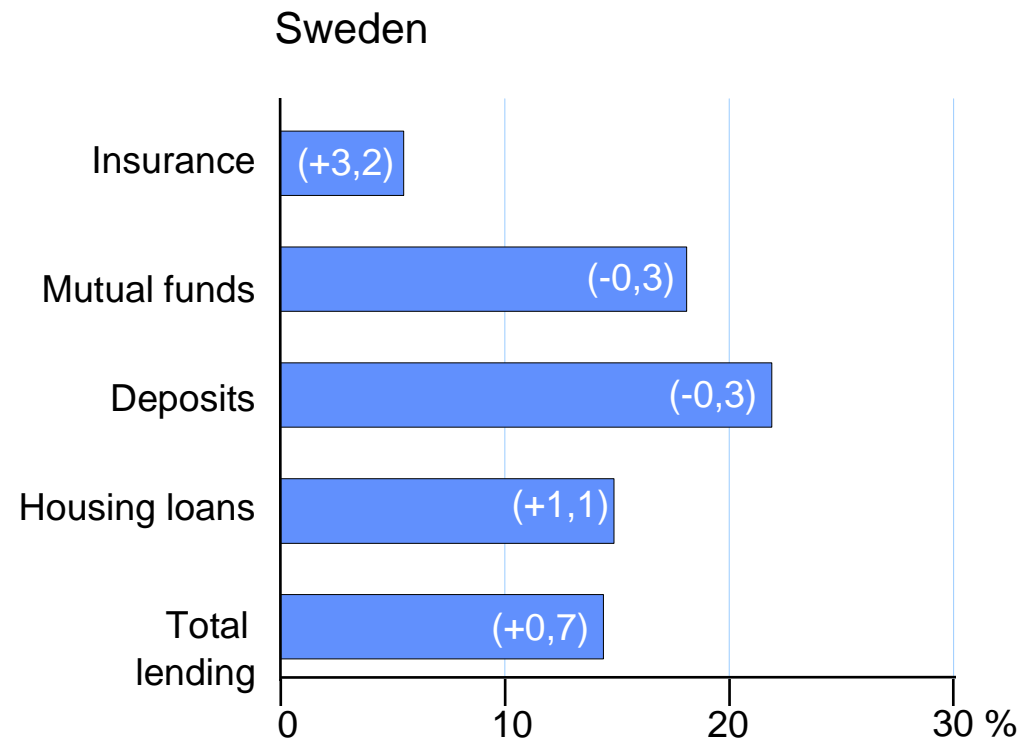
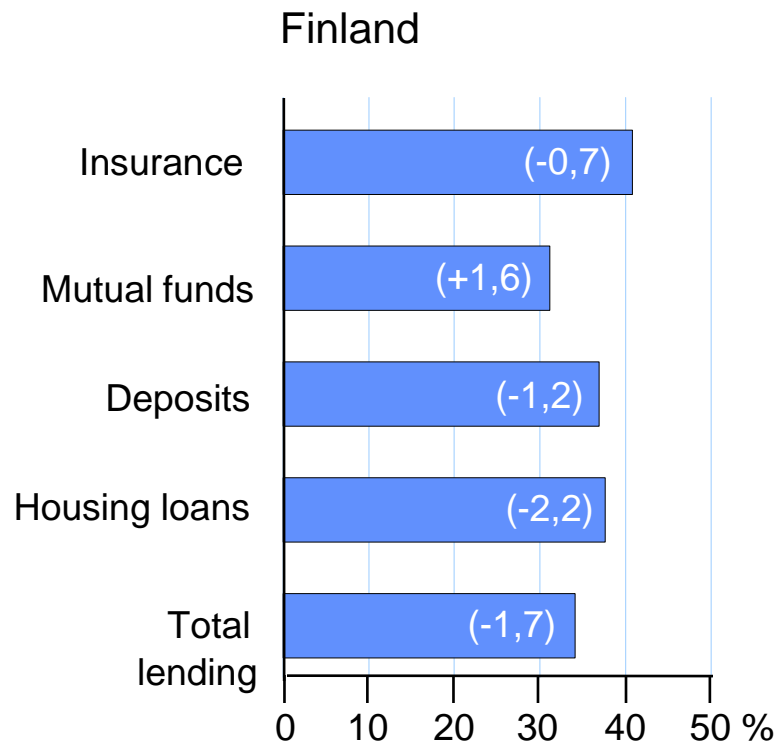
* Including unit-linked.

Life insurance, premiums paid



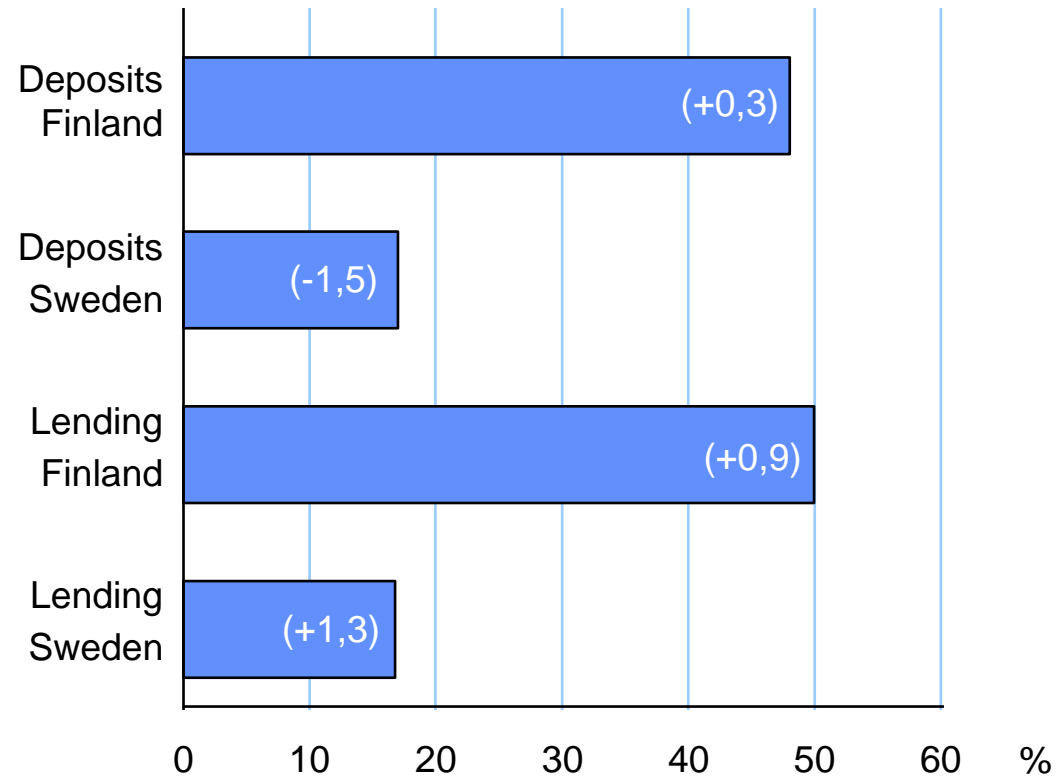
■ Traditional ■ Unit-linked

Market shares, households



(± XX) = compared with H1/1998.

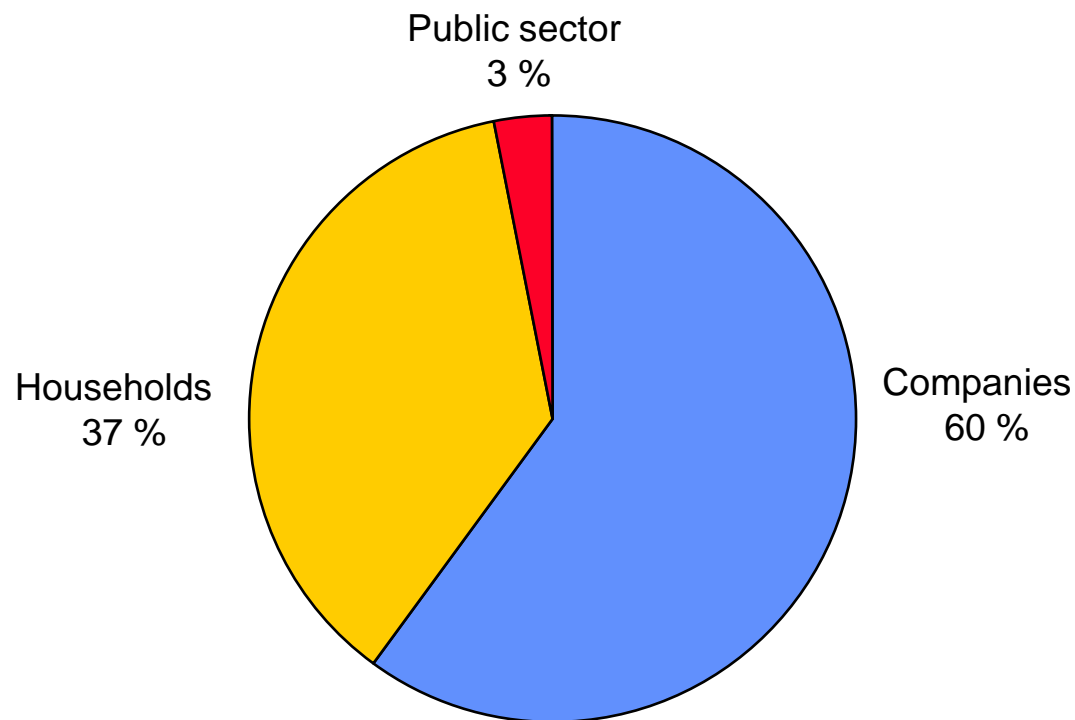
Market shares, corporate



(± XX) = compared with H1/1998.

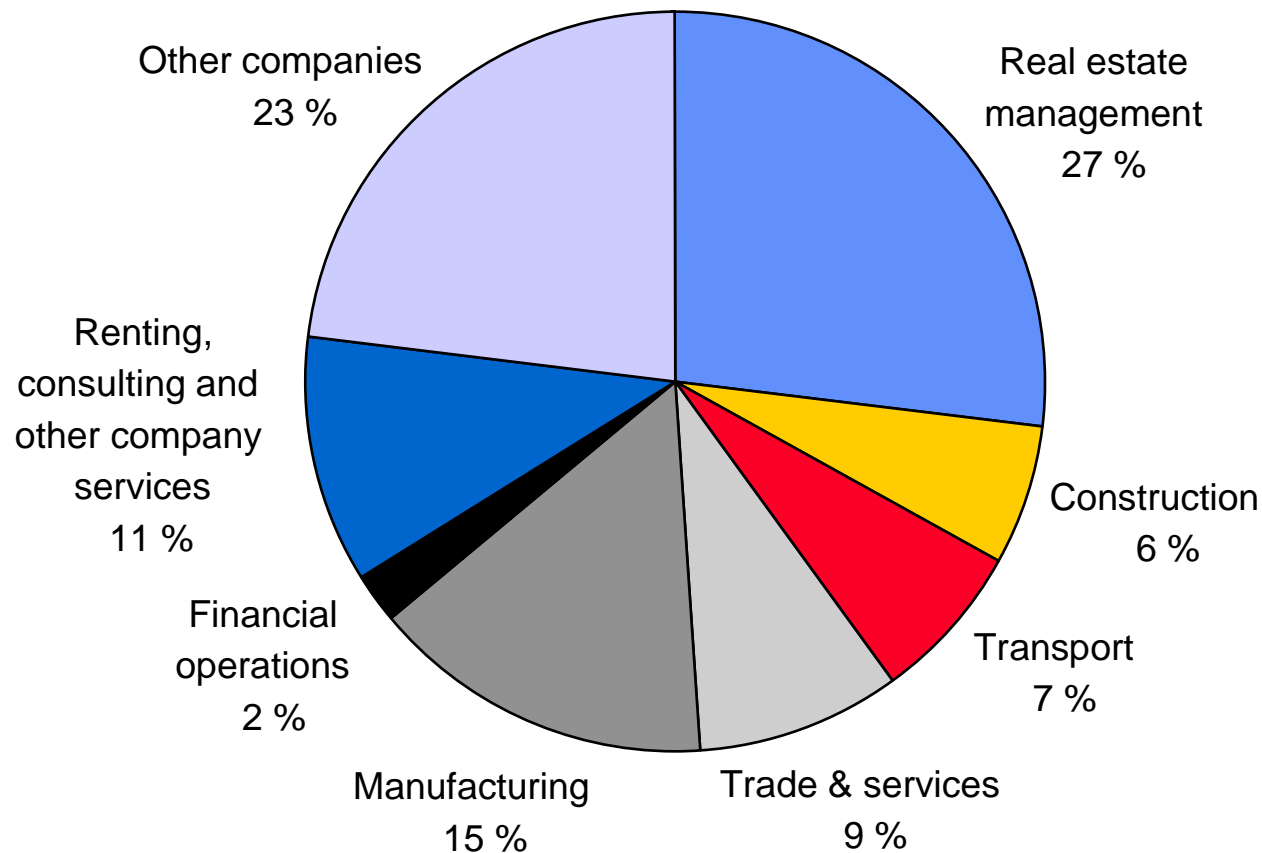
Customer structure of loan portfolio

EUR 66.2 bn (June 30, 1999)

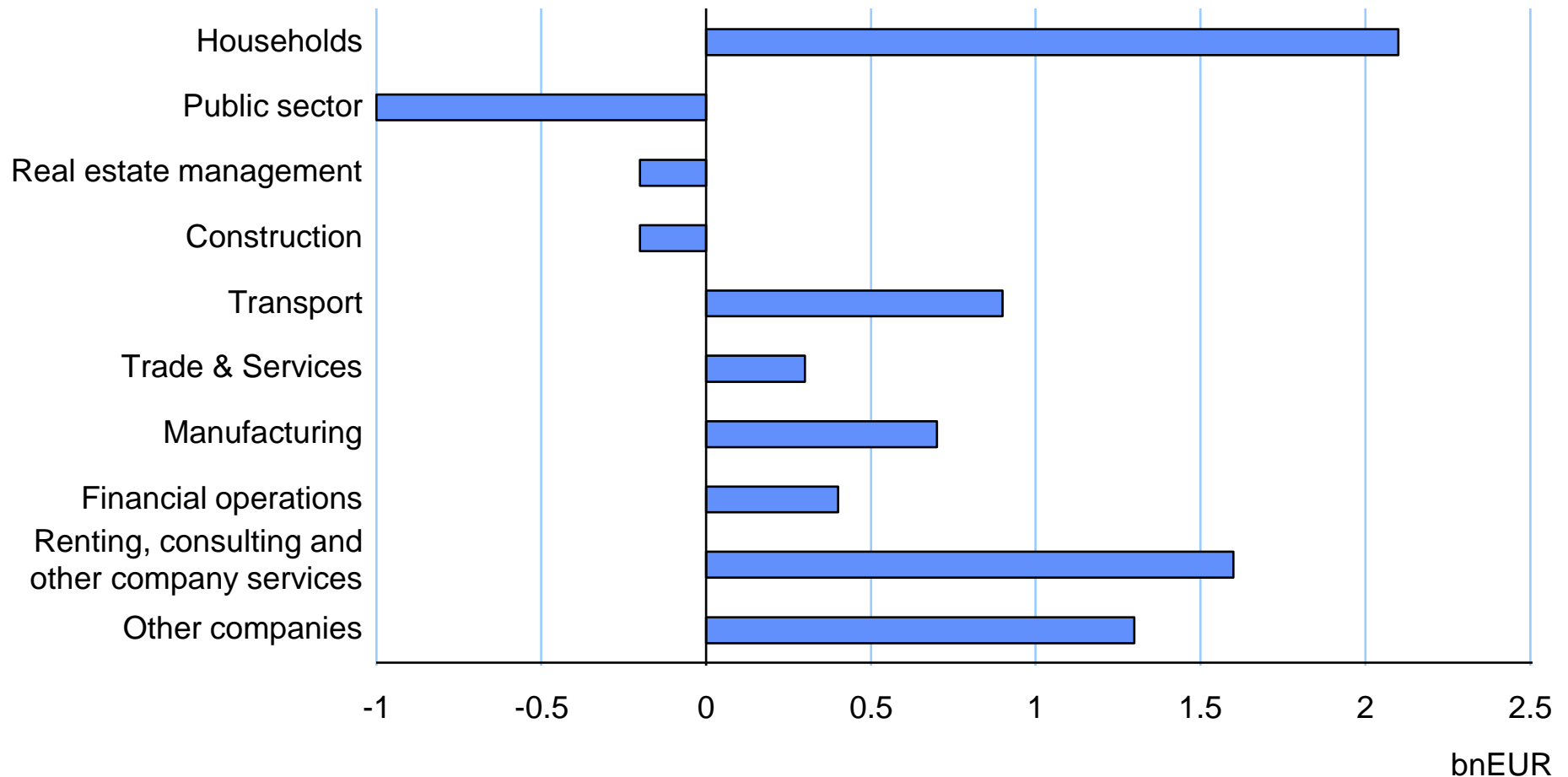


Lending to companies by industry

EUR 39.5 bn (June 30, 1999)

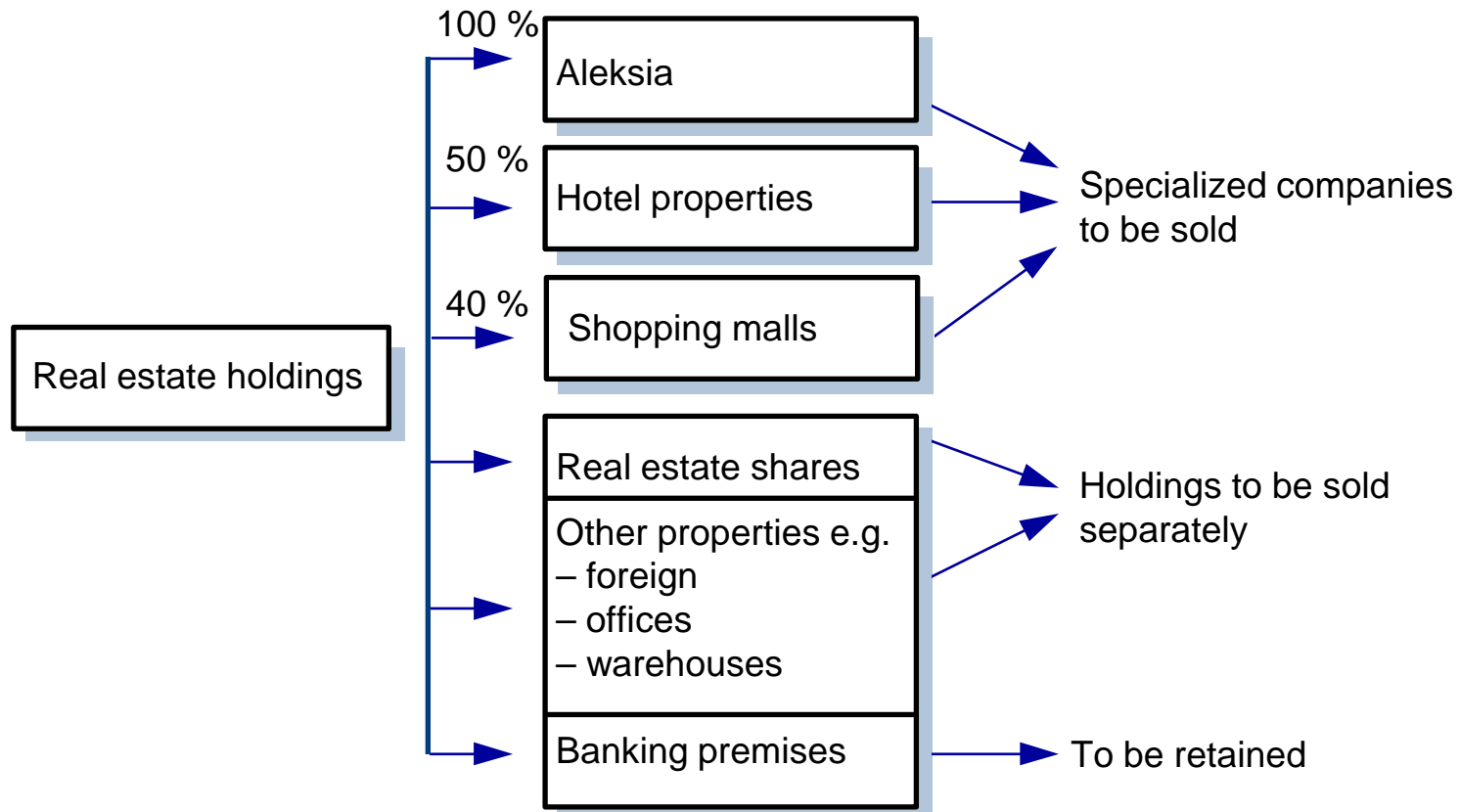


Lending by customer groups, development *

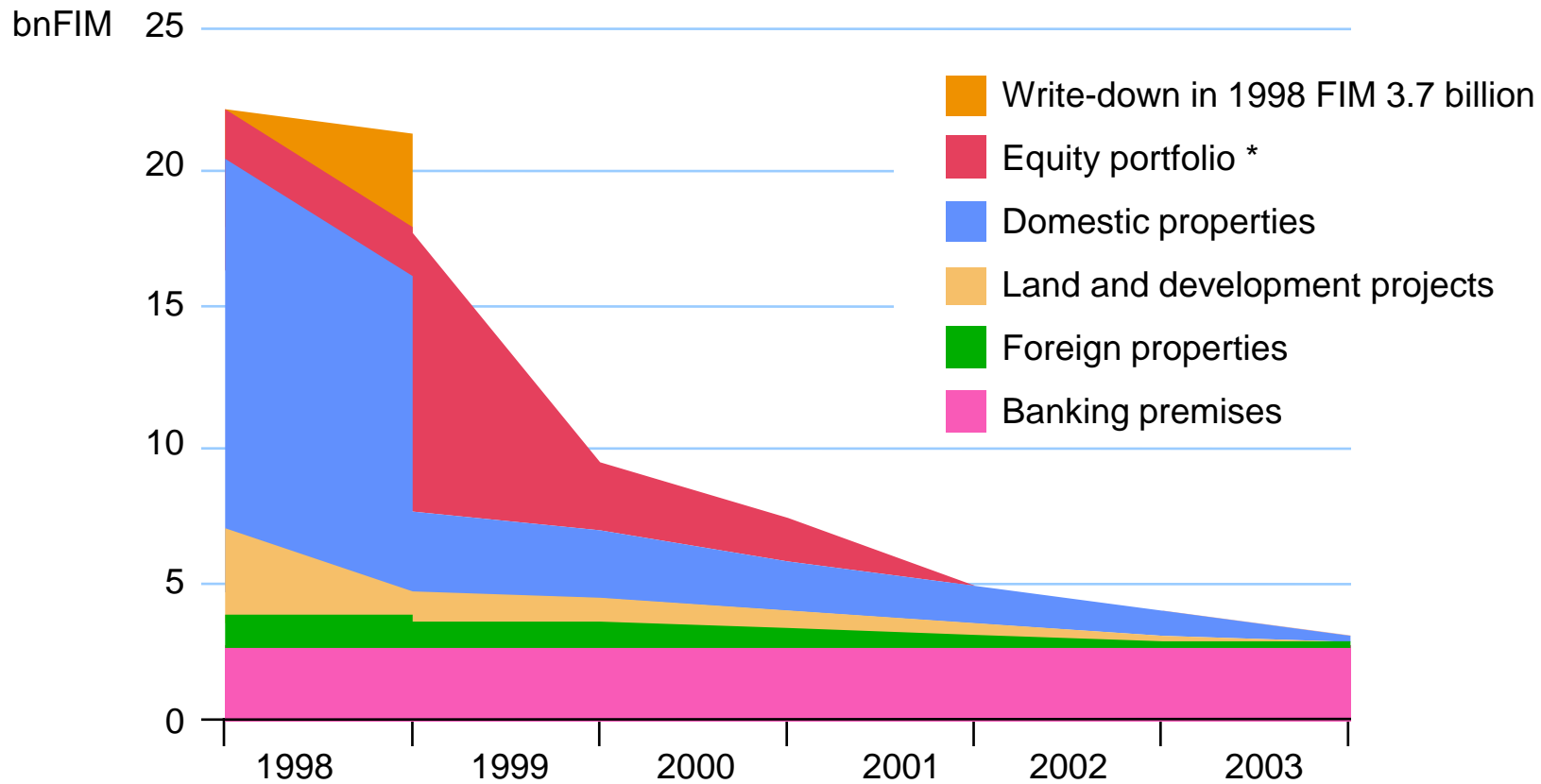


* Compared with H1/1998.

Real estate divestment strategy in Finland



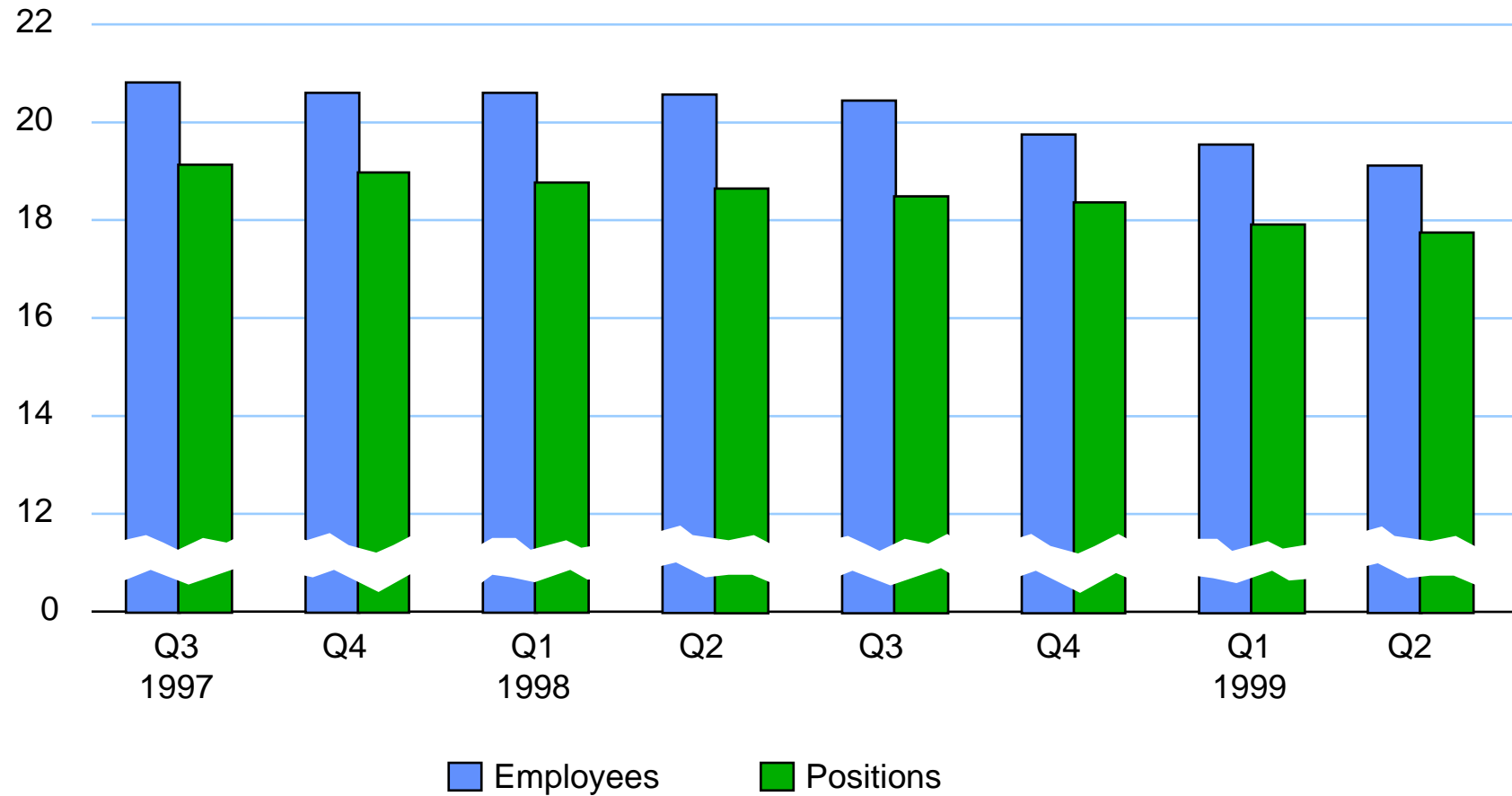
Real estate divestment process in Finland



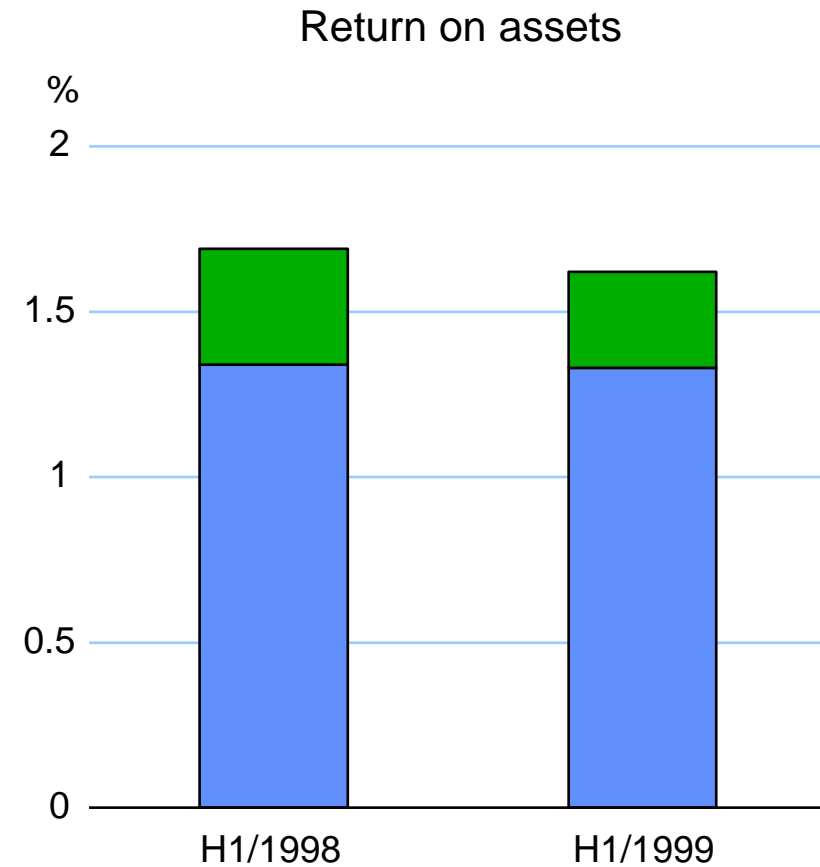
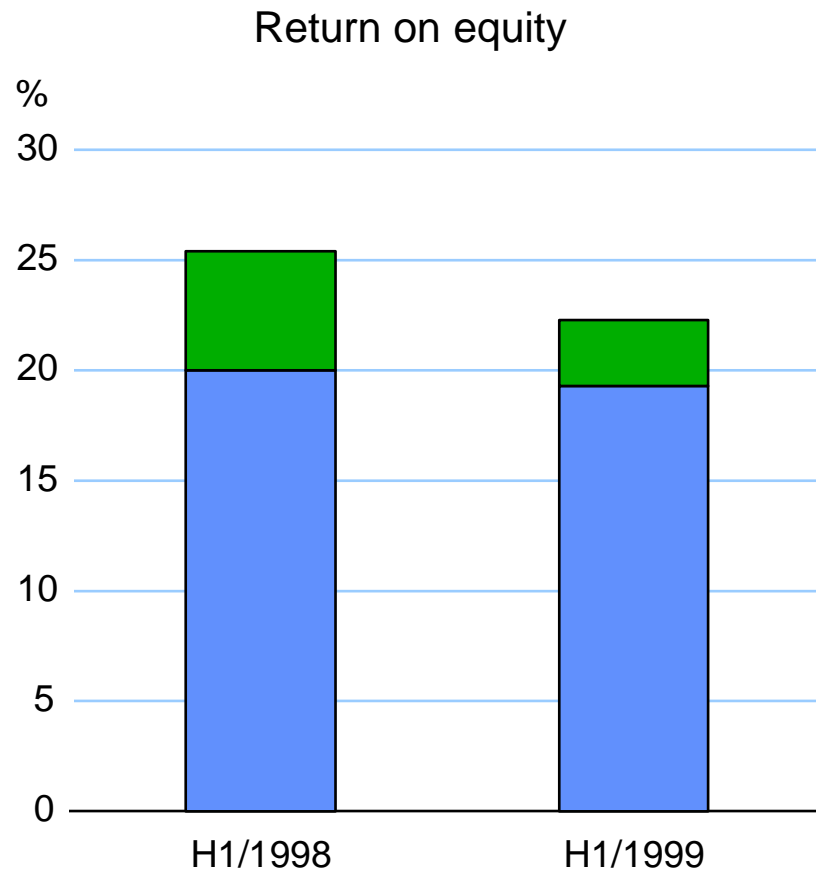
* Incl. Aleksia, hotels and shopping malls and Aleksia debt.

Personnel

Thousand



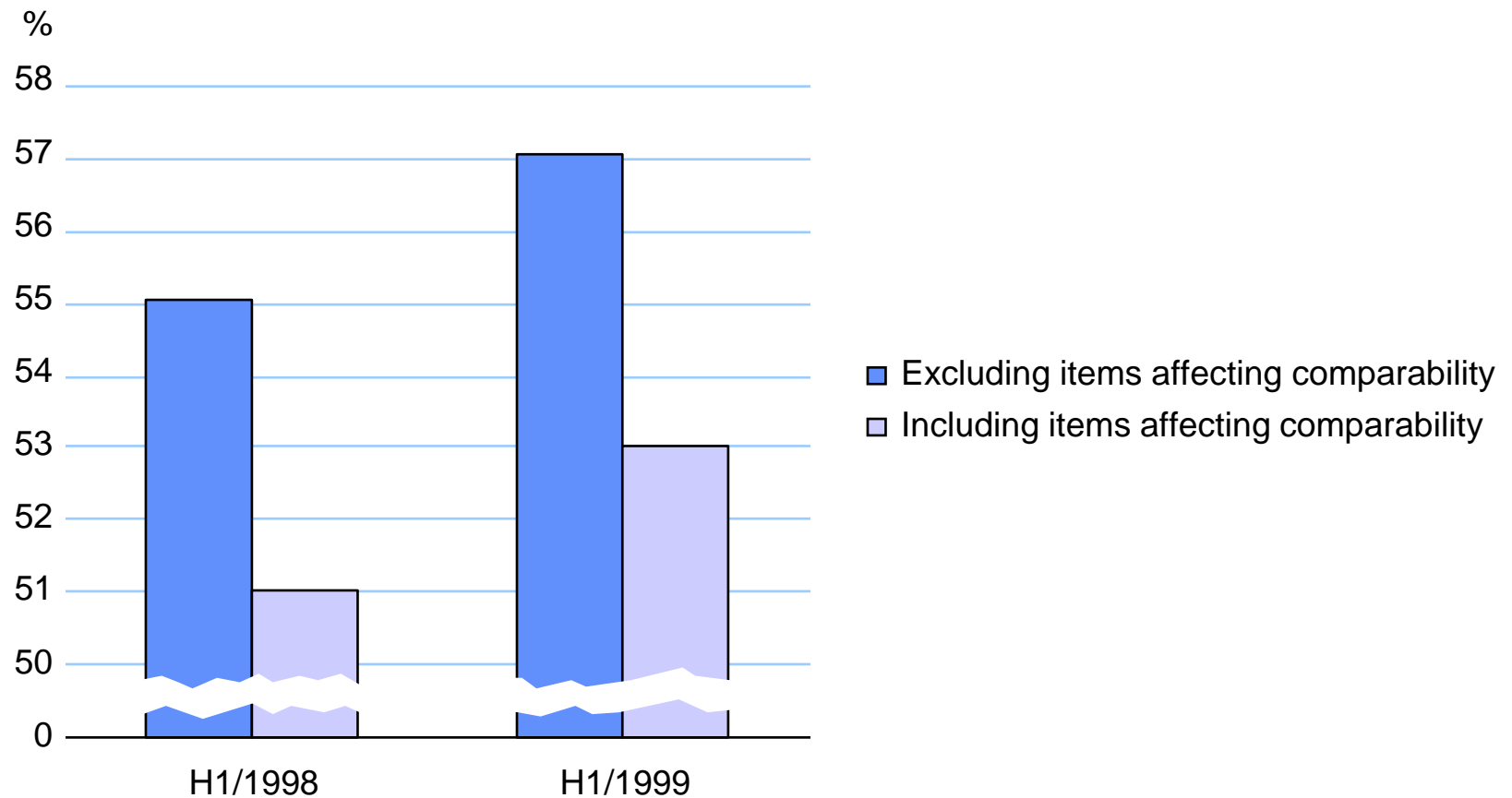
Profitability



■ Including items affecting comparability

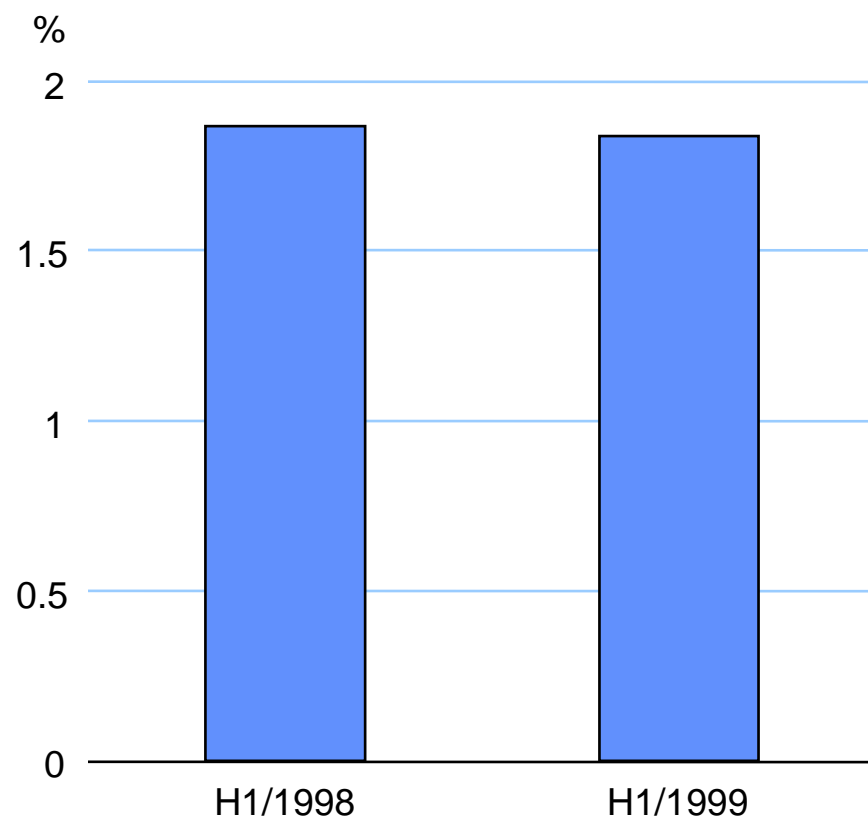
■ Excluding items affecting comparability

Cost-to-income ratio *



* Before loan losses.

Overall interest spread



Regional banks

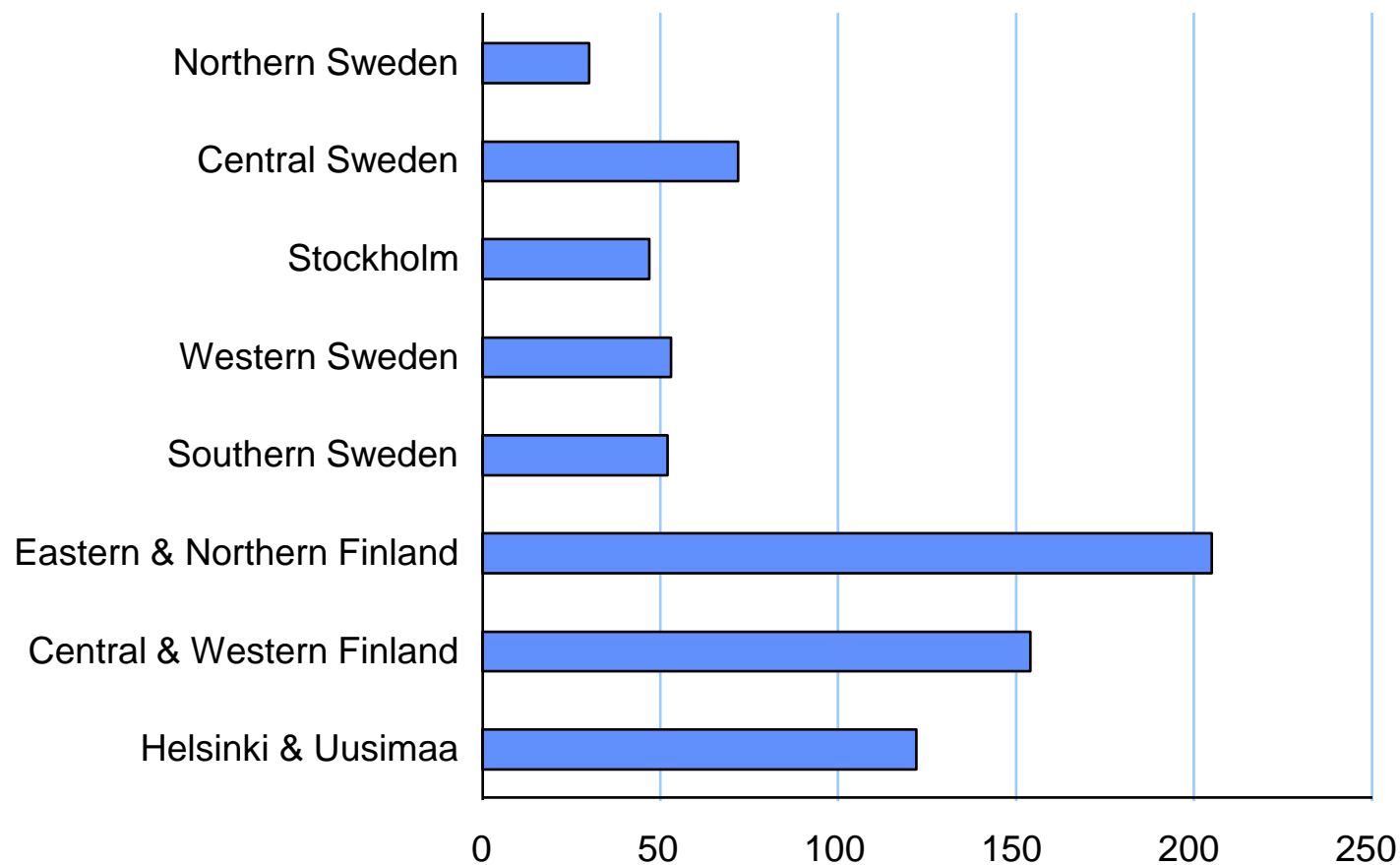
June 30, 1999



MeritaNordbanken Group

Number of branches

June 30, 1999



Regional bank Baltics and Poland - strategy

- The leading banking group for Nordic corporates in the Baltic region and Poland - same service and products as in home market
- Important player in the retail banking area
 - new and modern distribution technology
 - high accessibility at low fixed costs
- Our ambition is to grow organically, with minor investments
- Full control over asset quality and the product and service package

Regional bank Baltics and Poland

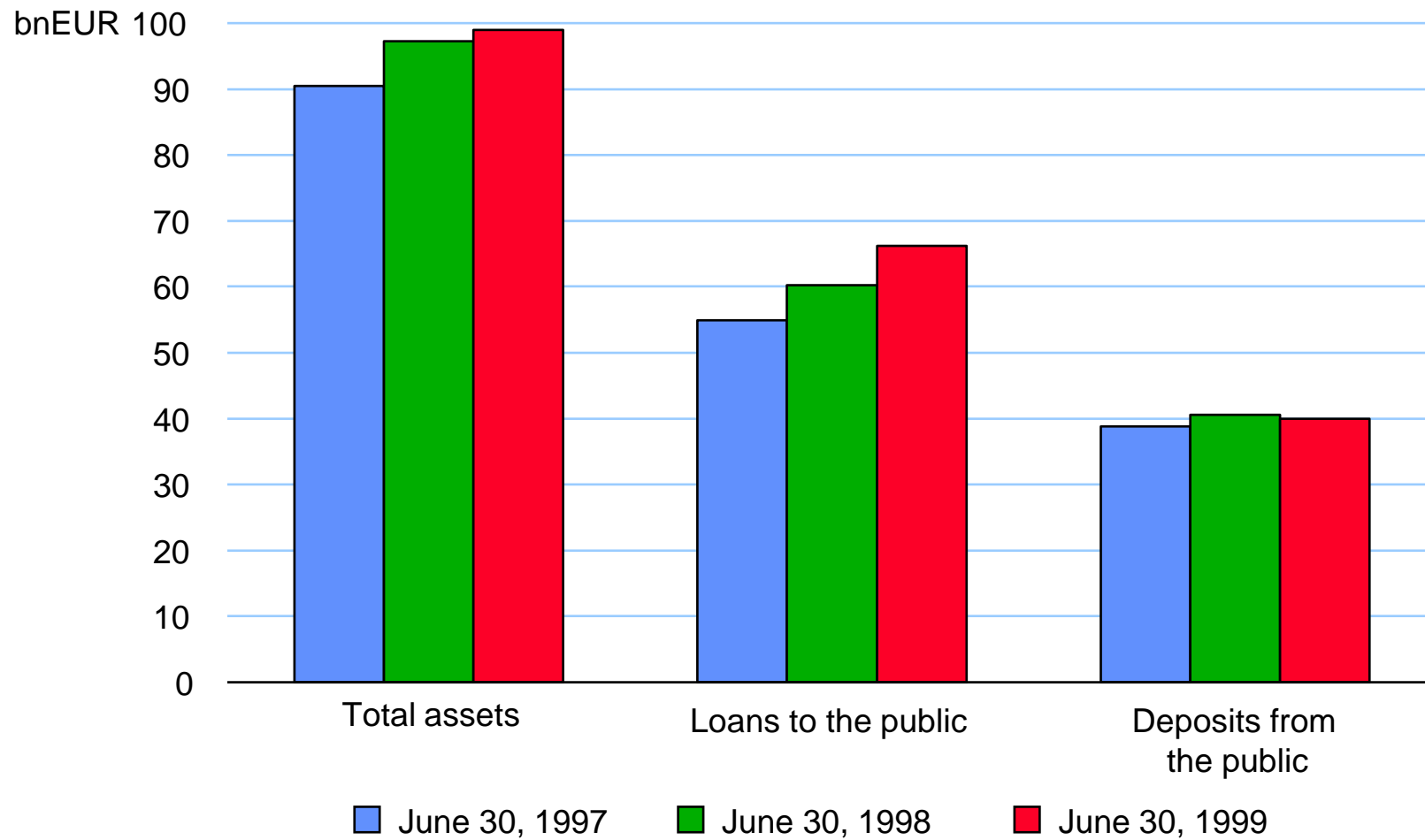
- ESTONIA Two branches in Tallinn, one leasing company *
- LATVIA One branch in Riga, one leasing company
(two more branches under construction)
- LITHUANIA Ambition to open one branch by the end of the year,
one leasing company
- POLAND Agreement to acquire 49,9 % of bank Komunalny,
situated in northern Poland with 7 branches and a
45 % shareholding in a leasing company

* The leasing company is owned to 80 % by MNB, remaining 20 % by IFC.

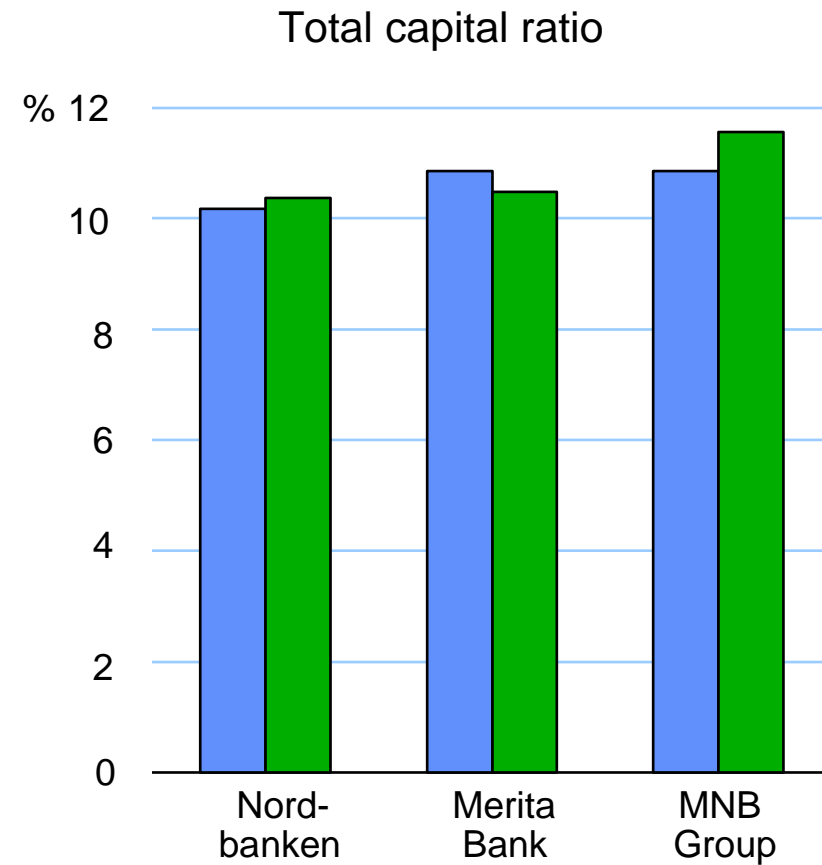
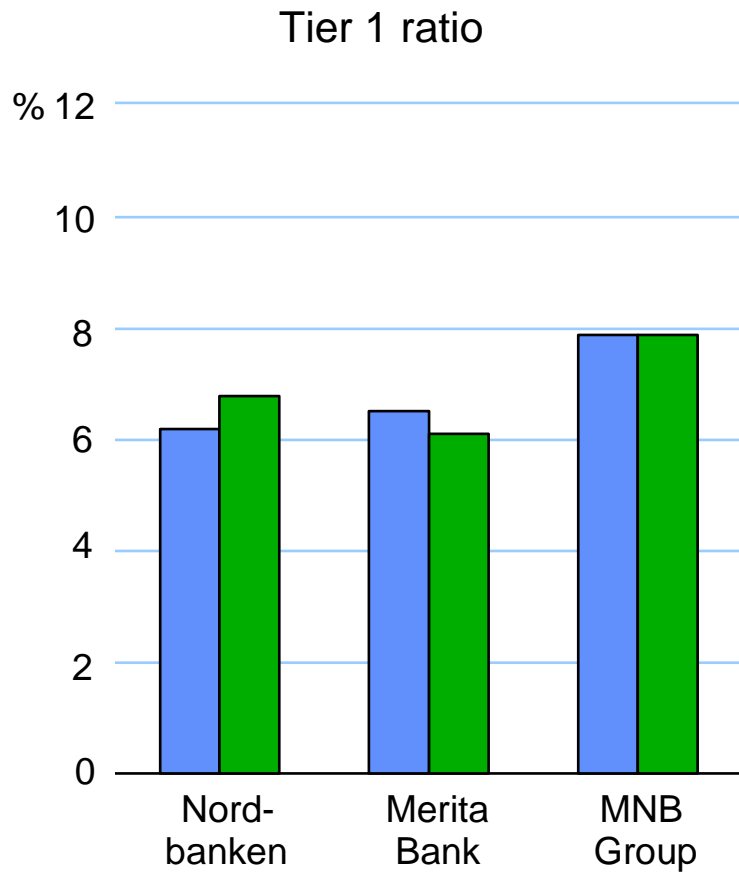
Balance sheet

	June 30 1999	June 30 1998	Change, %	June 30, 1999	
bnEUR				bnFIM	bnSEK
Loans to the public	66.2	60.3	10	393	579
Loans to financial institutions and central banks	8.1	10.8	-25	48	71
Interest-bearing securities					
Financial current assets	9.6	10.1	-5	57	84
Financial fixed assets	3.8	4.6	-17	23	33
Other assets	11.3	11.5	-2	67	99
Total assets	99.0	97.3	-2	588	866
Deposits from the public	40.0	40.6	-1	238	350
Due to financial institutions and central banks	14.1	15.4	-8	84	123
Debt instruments outstanding	24.3	22.5	8	145	213
Other liabilities	11.9	10.5	13	69	104
Subordinated debt	3.5	3.3	6	21	31
Shareholders' equity	5.2	5.0	4	31	45
Total liabilities and shareholders' equity	99.0	97.3	-2	588	866

Balance sheet

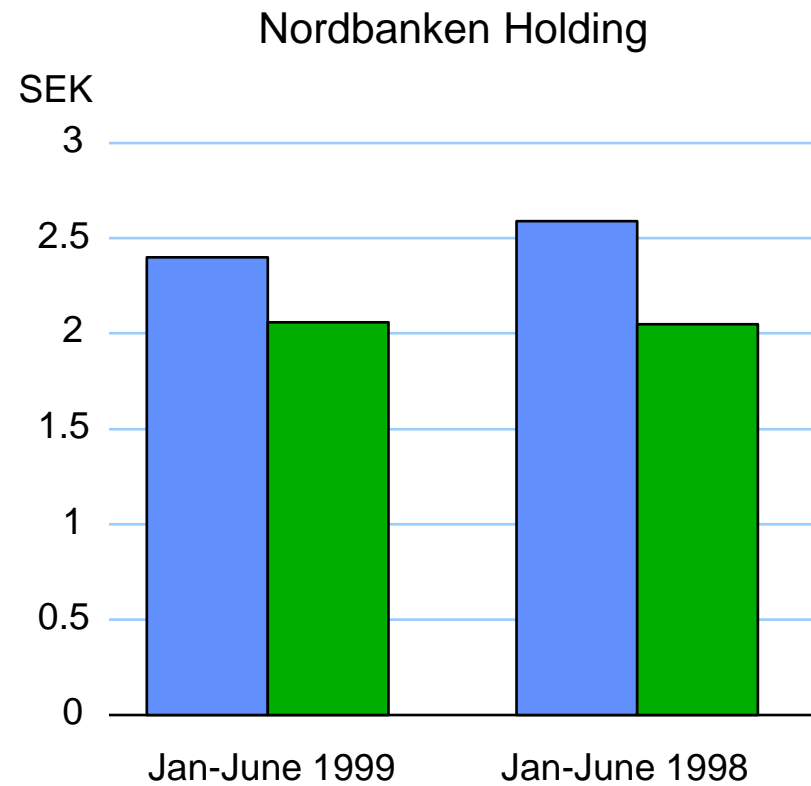
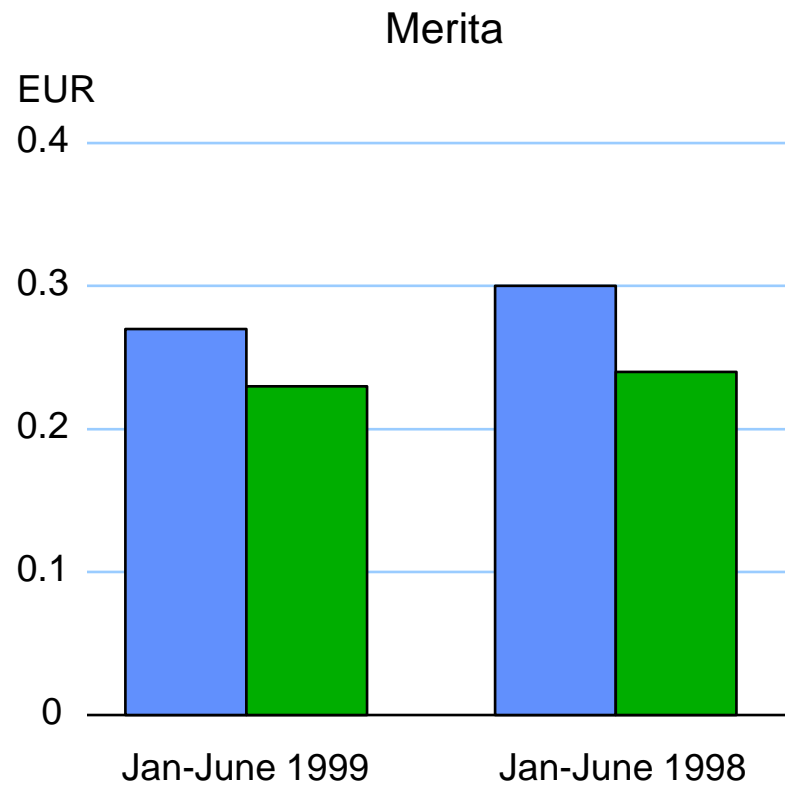


Capital adequacy



■ June 30, 1999 ■ June 30, 1998

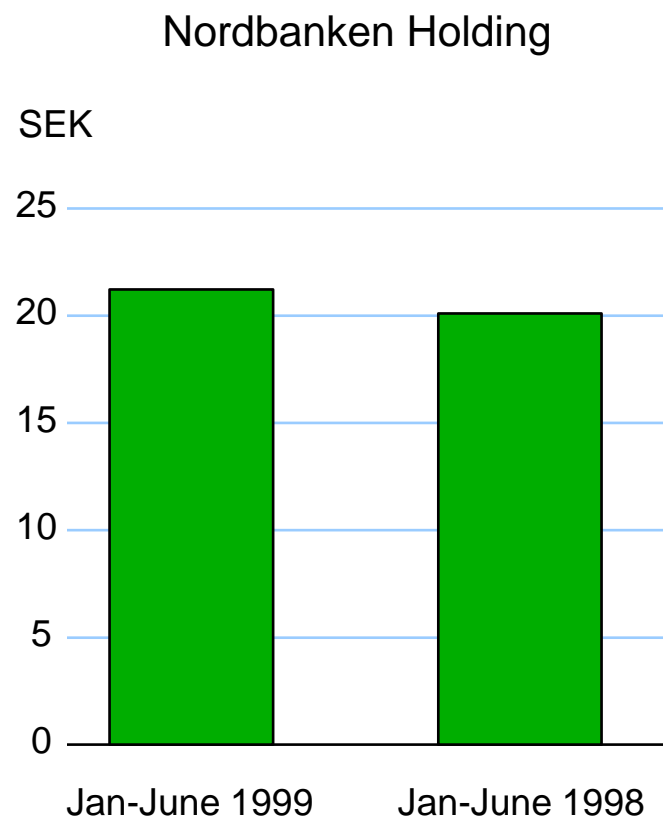
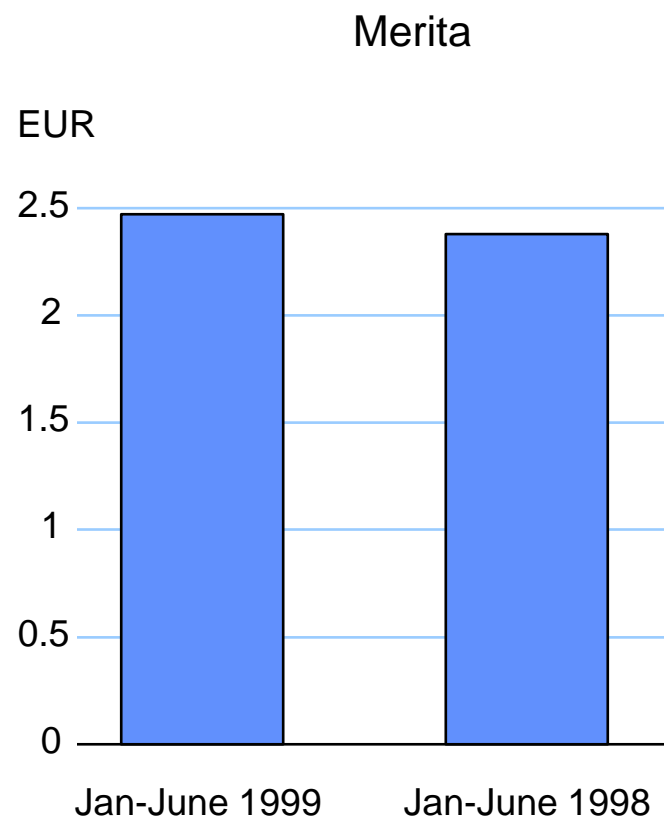
Earnings per share



■ Incl. items affecting comparability

■ Excl. items affecting comparability

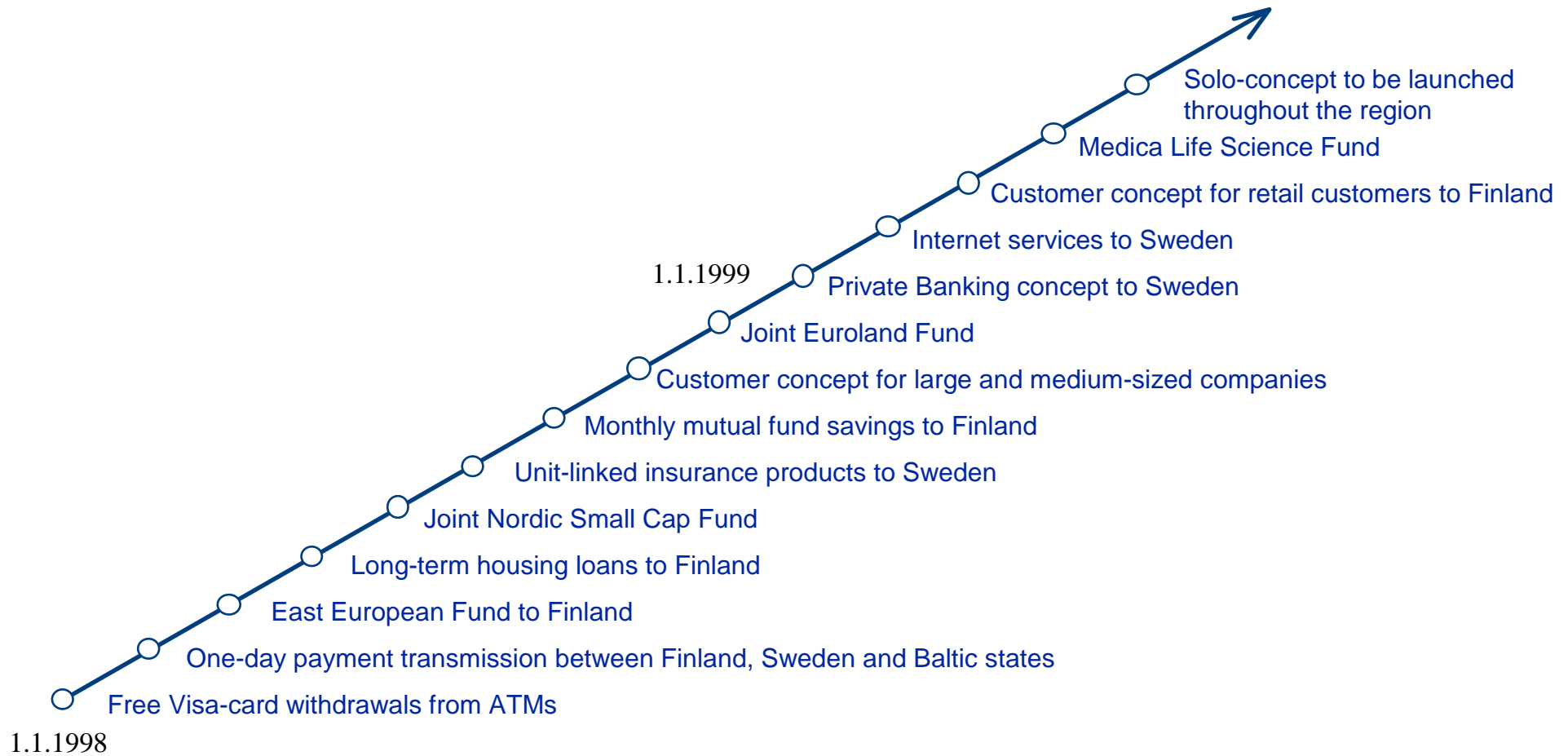
Equity per share



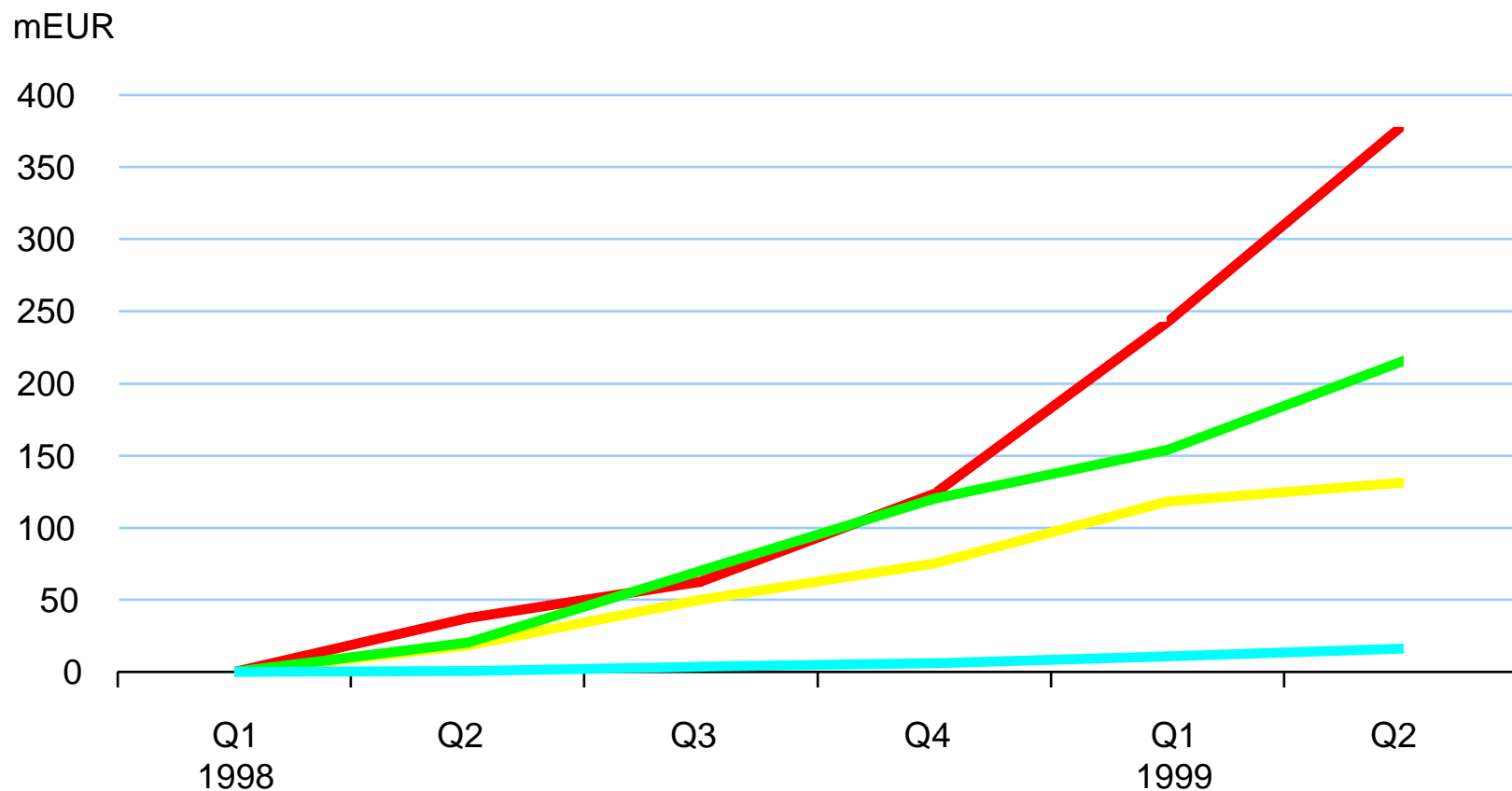
Merger synergies

- Plan
 - Income and cost synergies of almost EUR 120 million by the year 2000
- Implementation
 - Synergies materialize as planned
 - Staff reductions continue – net 1,175 since October 1997 incl. expansion in key strategic areas, appr. 300 employees

New products every month



New business generated



Unit-linked insurance products in Sweden

Long-term housing loans in Finland

New cross-border mutual funds

Monthly savings in mutual funds in Finland

MeritaNordbanken Group

World leader in network banking services

- 770 000 signed up as users of the Groups Internet banking facilities (August 1999)
- 300 000 customers in addition to above using the NB Direkt telephone banking service having codes instantly activatable for Internet use
- 2,1 million log-ins per month in the Group's net bank
- 2,7 million payment transactions per month
- 700 on-line merchants currently accept payments for e-commerce
- Successful "Solo" electronic service concept to be launched on entire home market - in Sweden during early autumn
- Higher degree of automation results in further major cost savings and consistent download trend continues
- Growth potential in earnings from new user contracts and services
- New services: banking facilities accessible by WAP phones (Nokia), combination of wireless banking services and mobile card payments (Nokia and VISA)

Changes in the Group Executive Board

as of October 1, 1999

- Focus on issues of far-reaching and strategic importance
 - Executive Committee for day-to-day management
- Strengthening in Internet and retail banking expertise
- Members leaving the Group Executive Board:

Sven-Åke Johansson	Real Estate on part-time basis
Claes Östberg	Head of International
Kalevi Kontinen	Senior Advisor on part-time basis (as of April 1, 2000)
- New members:

Jakob Grinbaum	Treasury (immediately)
Magnus Falk	Retail, Regional Bank Stockholm
Kari Jordan	Retail, Regional Bank Helsinki
Bo Harald	Retail, payments and network banking
- New responsibilities:

Carl-Johan Granvik	Head of Credits, Risk Control
Markku Pohjola	Corporate

MeritaNordbanken's objectives

The task of the MeritaNordbanken Group is to create value for its shareholders through share price and dividend development matching that of the leading listed banks in the Nordic region.

MeritaNordbanken's objectives

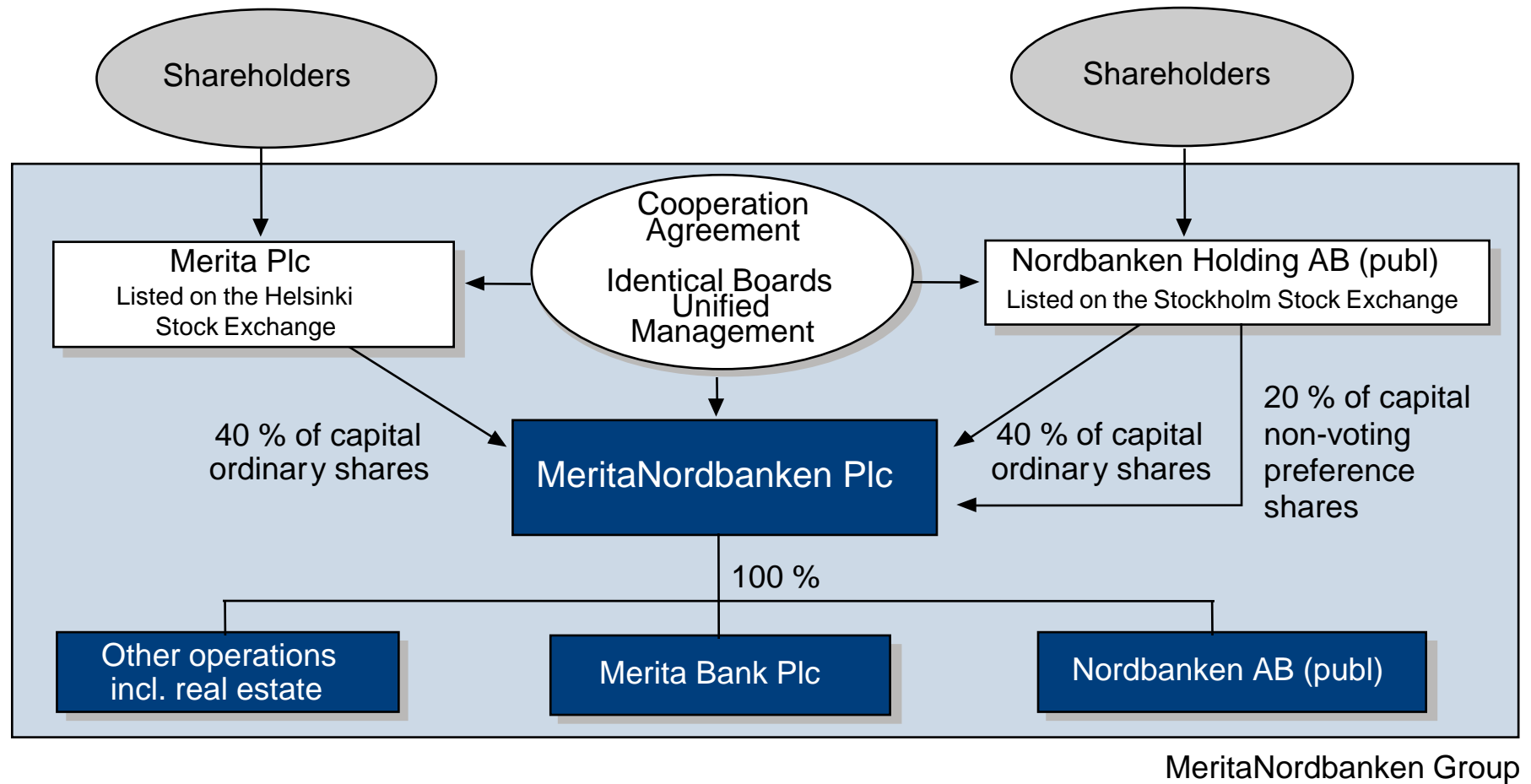
- Earnings per share - one of the leading listed financial institutions in the Nordic countries
- Return on equity - at least equal to the average risk-free interest rate in Finland and Sweden + 8 percentage points
- Tier 1 capital - a minimum core capital ratio of 6.5 per cent
- Dividend policy - between 40 and 60 per cent of annual net profit

Can be achieved through the following subtargets

- Income
 - net commission income to a level equal to half of net interest income
- Expenses
 - the cost/income ratio before loan losses, in core operations may not exceed 55 per cent
- Risk exposure
 - the moving average of loan losses over a five-year period ≤ 0.4 per cent of the loan portfolio
 - market risks limited to a 4 percentage point reduction in ROE
 - administrative, legal and technical risks to be kept within manageable limits at reasonable cost
- Customers
 - high level of customer satisfaction by meeting the requirements and expectations of customers
- Employees
 - high competence and motivation
- Disclosure of information
 - among the leading listed financial institutions in the Nordic region in terms of open, clear and relevant information to shareholders, customers and employees

Appendices

Group structure



Agency ratings, August 1999

	Moody's		S&P		Fitch IBCA		Thomson Bankwatch	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
Merita Bank	P-1	A1	A-1	A	F1	A+	TBW-1	AA-
Nordbanken	P-1	A1	A-1	A	F1	A+	TBW-1	AA-
Nordbanken Hypotek		Aa3						

Reporting 1999

- Financial reporting:

January - September

October 26, 1999

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MeritaNordbanken Group